The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board **November 1989**

SUMMARY

Worldwide, the economic traffic signals continue to say "slow growth ahead." The composite leading index for the 11-country group is growing at an uninspiring 2 percent, down from 6 percent half a year ago and a notch below the long-term average (1976-86) of 3 percent.

Regionally, the leading indexes for all three major geographic areas show the same unexciting pattern, i.e., a leveling off since the beginning of 1989. Each of the growth rates is at 2 or 3 percent.

Nationally, the only leading indexes that deserve more than routine attention are those for the smaller countries in Asia. South Korea's index, which a month ago seemed to be pointing toward very limited growth, now shows renewed vigor (with a 12 percent growth rate). Taiwan's leading index also continues to advance rapidly (9 percent). New Zealand's index is again climbing at a sturdy rate (6 percent) and Australia's index has now recouped the sharp drop registered a month earlier.

Interpretation: The world economy continues to be generally prosperous, but it's going nowhere fast. As a business cycle it is quiescent, almost comatose. Thus, signals of trouble ahead are few and far between, either on the upside or the downside. Yes, indications of slow growth abound, but not of recession or boom.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	5	4	4	6	3	2	Expansion continuing	Aug.
Ten countries excl. U.S.	3	6	4	5	8	3	3	Expansion continuing	Aug.
North America (2)	3	5	3	3	4	2	2	Expansion continuing	Aug.
Europe (4)	2	6	4	5	5	4	2	Expansion continuing	Aug.
Pacific Region (5)	4	6	4	5	12	3	3	Expansion continuing	Aug.
United States	3	4	3	3	3	1	1	Expansion continuing, leaders weak	Sept.
Canada	3	4	3	2	0	0	1	Expansion continuing, leaders weak	Aug.
West Germany	2	5	5	3	8	7	4	Expansion continuing	Sept./Aug.
France	2	8	7	6	6	5	4	Expansion continuing	Aug./Sept.
United Kingdom	2	6	5	5	2	1	0	Expansion continuing, leaders weak	Aug.
Italy	2	1	-1	1	2	-1	3	Expansion resuming	July/Aug.
Japan	4	6	4	4	14	3	3	Expansion continuing	Aug.
Australia	3	12	8	12	2	3	2	Expansion continuing	Aug.
Taiwan, R.O.C.	8	7	4	3	12	9	9	Expansion continuing	Sept.
Korea, R.O.K.	7	7	4	7	8	4	12	Expansion continuing, leaders strong	Sept.
New Zealand	2	1	2	-1	4	6	6	Upturn developing	May/Aug.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

The Conference Board

845 Third Avenue, New York, N.Y. 10022 / (212) 759-0900

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INDEXES, WORLDWIDE AND BY REGION, 1988-89

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	122	129	124	127	121	132	115	117	137	142
Feb.	88	123	130	125	127	122	133	116	118	139	143
Mar.	88	124	131	125	128	123	134	116	119	140	145
Apr.	88	124	131	125	129	123	133	116	118	139	147
May	88	124	132	126	130	123	133	117	119	139	148
June	88	125	133	127	131	124	134	118	120	141	150
July	88	126	133	127	132	124	133	118	120	141	151
Aug.	88	126	134	128	133	124	136	119	121	142	153
Sept.	88	127	134	129	132	125	135	119	121	143	152
Oct.	88	127	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	134	126	136	120	123	145	153
Dec.	88	129	136	130	135	126	137	121	123	146	157
Jan.	89	129	138	131	137	127	138	121	124	147	159
Feb.	89	130	138	132	137	127	137	122	124	147	160
Mar.	89	131	137	133	137	128	137	122	124	151	159
Apr.	89	130	137	132	137	128	137	122	124	148	159
May	89	130	137	132	136	128	137	123	124	148	157
June	89	131	137	133	137	128	136	123	125	150	158
July	89	131	136	134	136	128	136	124	125	150	157
Aug.	89	132	138	134	137	129	138	124	125	151	159

11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
6	5	7	5	5	5	6	1	8	10
7	4	8	5	6	4	6	2	10	9
7	5	8	5	6	4	7	3	9	9
6	4	6	5	6	2	6	2	8	10
6	4	6	6	5	2	6	3	6	10
6	5	7	6	6	3	6	4	8	10
6	4	6	6	5	1	6	4	7	10
6	6	6	7	5	4	6	4	7	11
5	5	6	6	4	3	6	4	7	8
5	5	6	5	5	4	5	5	6	7
5	5	6	6	4	4	6	6	7	7
6	6	6	7	4	5	6	5	7	11
6	7	6	8	4	5	6	6	7	13
5	6	6	8	5	4	6	5	6	12
6	5	7	6	4	2	5	5	11	9
5	4	5	5	4	3	5	4	5	7
4	3	4	3	3	2	4	4	4	3
4	2	5	3	3	1	5	3	6	4
4	1	4	2	3	-1	4	3	5	1
4	2	5	3	3	2	5	2	5	3
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-89

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	120	133	127	124	112	117	122	121	115	117	110	114	135	141	128	122	172	192	201	201	112	113
Feb.	88	121	134	128	125	112	117	123	122	115	116	110	114	136	142	129	123	177	197	203	202	111	112
Mar.	88	122	134	129	125	113	118	123	123	116	117	111	115	137	143	130	124	174	201	202	205	111	112
Apr.	88	122	134	129	125	112	118	123	123	116	117	111	115	137	146	129	126	175	202	200	202	110	112
May	88	122	134	130	125	113	119	124	124	117	118	111	116	137	147	129	127	176	205	199	203	110	112
June	88	123	135	130	125	114	119	125	126	118	118	112	115	139	149	132	128	177	206	202	207	110	112
July	88	124	134	130	124	114	120	126	126	118	118	113	115	139	150	132	128	179	209	201	209	110	111
Aug.	88	124	136	131	125	115	121	127	126	119	118	113	116	140	152	132	129	182	215	206	212	110	112
Sept.	88	124	136	131	125	115	120	128	128	120	118	112	116	140	151	134	129	183	217	206	209	111	113
Oct.	88	125	137	131	124	115	121	128	129	120	118	112	117	141	151	136	128	182	217	208	212	111	114
Nov.	88	125	137	132	124	116	121	130	130	121	120	113	117	142	152	136	129	186	219	208	216	112	115
Dec.	88	126	138	132	125	116	122	130	130	122	119	113	117	143	156	138	128	185	218	209	219	112	115
Jan.	89	126	139	133	125	117	124	131	131	122	120	112	117	144	159	140	128	187	219	211	218	112	115
Feb.	89	127	139	133	125	118	125	132	130	123	119	113	117	144	161	142	128	186	219	212	213	112	116
Mar.	89	127	138	133	125	118	126	133	131	123	119	112	117	148	159	141	129	188	226	213	219	112	116
Apr.	89	127	138	133	125	118	126	133	130	123	119	112	116	145	159	144	128	187	223	211	217	111	117
May	89	127	138	134	124	118	126	134	132	123	120	112	116	145	156	142	130	189	223	211	217	111	118
June	89	128	138	134	124	119	126	134	133	123	119	113	117	146	157	147	130	188	227	213	218		118
July	89	128	136	134	125	119	127	135	130	124	119	113	118	146	156	147	127	190	228	216	220		115
Aug.	89	128	139	134	125	121	127	135	132	125	119		118	147	158	149	130	192	231	220	229		118
Sept.	89	128	138			120			133									190	233	219	231		
		Growth Rates, Percent																					
Jan.	88	5	4	7	6	3	3	8	2	8	1	6	-3	8	11	7	4	4	9	17	16	-2	-4
Feb.	88	6	4	6	5	4	3	8	3	8	0	6	-2	9	9	8	5	8	12	17	14	-3	-5
Mar.	88	6	4	7	5	4	3	8	4	8	1	6	0	9	9	9	6	4	14	14	15	-3	-5
Apr.	88	6	2	6	4	3	4	7	3	7	0	6	0	8	10	6	6	4	12	10	9	-3	-5
May	88	5	2	6	3	4	4	7	4	7	1	6	1	7	10	5	8	4	14	7	9	-3	-4
June	88	6	3	6	3	4	4	8	7	7	2	6	1	8	10	8	7	5	12	8	11	-3	-3
July	88	5	1	5	1	3	5	8	6	7	1	7	1	7	11	8	6	6	13	6	11	-3	-4
Aug.	88	5	5	5	1	5	5	8	6	7	2	5	3	7	11	6	8	8	17	9	13	-3	-2
Sept.	88	4	3	5	1	4	4	8	8	7	2	4	2	7	8	9	6	8	16	7	7	-2	-1
Oct.	88	5	4	4	0	3	4	7	9	7	2	3	3	6	7	9	3	6	15	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	9	7	5	4	3	7	7	8	5	10	14	6	10	1	4
Dec.	88	4	5	4	0	5	6	8	7	7	3	4	2	7	12	10	3	8	11	6	11	1	3
Jan.	89	4	5	4	1	5	7	8	8	6	4	1	2	7	14	11	3	9	10	7	9	2	4
Feb.	89	5	4	4	0	6	8	8	6	6	2	1	2	6	14	12	2	6	8	7	3	2	4
Mar.	89	4	3	3	1	5	8	3	6	6	1	-1	1	11	10	10	2	7	12	7	8	1	5
Apr.	89	4	3	3	0	5	7	7	4	5	1	-1	-1	5	7	13	0	5	7	4	5	0	5
May	89	4	2	3	0	4	7	7	5	5	1	-1	-1	4	3	8	3	7	6	3	4	-1	6
June	89	3	1	3	-1	5	6	7	5	4	0	0	1	5	4	14	2	4	9	4	4		5
July	89	3	-1	2	1	4	6	6	1	4	0	1	2	4	1	11	-2	5	8	6	5		1
Aug.	89	4	2	2	1	6	4	6	2	5	0		3	4	3	12	2	6	9	9	11		6
Sept.	89	3	1			3			4									3	9	7	12		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

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SUMMARY

Worldwide, again this month sluggish growth of the leading indexes suggests that the global business cycle is in for slow going in the period ahead. This pattern is true not only for the overall 11-country composite, which shows a 1 percent growth rate for the leading index, but also for each of the major regions, which show 3 percent growth in Europe, 2 percent in the Pacific Region, and no growth at all in North America.

Nationally, the only economies exhibiting any pep are Taiwan with an 8 percent growth rate in its leading index, and West Germany with 5 percent. All others are in the range of -1 to 4 percent, with the U.S. and Japan at 1 percent growth. The one major uncertainty is Japan, where (as mentioned before) the introduction of a value-added tax last April distorted the normal pattern of business activity in a way that may be making the leading index appear to be a bit softer than it otherwise would.

Interpretation: The outlook is really quite dull throughout the industrial world. Although neither a recession nor an inflationary boom is impossible in the months ahead, neither seems probable.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	6	4	3	4	2	1	Expansion continuing, leaders weak	Sept.
Ten countries excl. U.S.	3	7	5	4	6	3	2	Expansion continuing	Sept.
North America (2)	3	4	3	3	2	0	0	Expansion continuing, leaders weak	Sept.
Europe (4)	2	5	4	3	5	3	3	Expansion continuing	Sept.
Pacific Region (5)	4	11	6	4	9	4	2	Expansion continuing	Sept.
United States	3	4	3	2	2	-2	1	Expansion continuing, leaders weak	Oct.
Canada	3	3	3	3	0	0	3	Expansion continuing	Sept.
West Germany	2	5	4	3	8	5	5	Expansion continuing	Oct./Sept.
France	2	8	7	4	4	1	0	Expansion continuing, leaders weak	Sept./Oct.
United Kingdom	2	6	4	4	1	-1	-1	Expansion continuing, leaders weak	Sept.
Italy	2	1	-1	2	1	1	0	Expansion resuming, leaders weak	July/Sept.
Japan	4	11	5	3	10	4	1	Expansion continuing, leaders weak	Sept.
Australia	3	11	13	9	1	-1	-2	Expansion continuing, leaders weak	Sept./Oct.
Taiwan, R.O.C.	8	5	5	5	7	8	8	Expansion continuing	Oct.
Korea, R.O.K.	7	4	7	7	5	2	2	Expansion continuing	Oct.
New Zealand	2	2	2	1	5	5	4	Upturn developing	Aug./Sept.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	122	129	124	127	121	132	115	117	137	142
Feb.	88	123	130	125	127	122	133	116	118	139	143
Mar.	88	124	131	125	128	123	133	116	119	140	145
Apr.	88	124	131	125	129	123	133	116	118	139	147
May	88	124	132	126	130	123	133	117	119	139	148
June	88	125	133	127	131	124	135	118	120	141	150
July	88	126	133	127	132	124	134	118	120	141	151
Aug.	88	126	134	128	133	124	136	119	121	142	153
Sept.	88	127	134	129	132	125	135	119	121	143	152
Oct.	88	127	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	134	126	136	120	123	145	153
Dec.	88	129	136	130	135	126	137	121	123	146	157
Jan.	89	129	138	131	137	127	138	121	124	147	159
Feb.	89	130	138	132	137	127	137	122	124	147	160
Mar.	89	131	137	133	137	128	137	122	124	151	159
Apr.	89	130	137	132	137	128	137	122	124	148	159
May	89	130	137	132	136	128	137	123	124	148	157
June	89	131	137	133	137	128	136	123	125	150	158
July	89	131	136	134	136	128	135	123	124	150	157
Aug.	89	132	137	134	137	129	136	124	125	150	159
Sept.	89	132	137	134	137	129	137	124	125	150	158

11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
6	5	7	5	5	4	6	1	8	10
7	4	8	5	6	4	6	2	10	9
7	4	8	5	6	3	7	3	9	9
6	4	6	5	6	2	6	2	8	10
6	4	6	6	5	1	6	3	6	10
6	5	7	6	6	4	6	4	8	10
6	4	6	6	5	1	6	4	7	10
6	6	6	7	5	5	6	4	7	11
5	5	6	6	4	3	6	4	7	8
5	5	6	5	5	3	5	5	6	7
5	5	6	6	4	3	6	5	7	7
6	6	6	7	4	4	6	5	7	11
6	7	6	8	4	5	6	6	7	13
5	6	6	8	5	3	6	5	6	12
6	4	7	6	4	2	5	5	11	9
5	4	5	5	4	2	5	4	5	7
4	2	4	3	3	1	4	4	4	3
4	2	5	3	3	0	4	3	6	4
4	0	4	2	3	-2	4	2	5	1
4	2	5	3	3	0	4	2	5	3
3	1	4	2	3	0	3	3	4	2
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-89

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	120	133	127	124	112	117	122	121	115	117	110	113	135	141	128	122	172	192	201	201	112	113
Feb.	88	121	134	128	125	112	117	123	122	115	116	110	114	136	142	129	123	177	197	203	202	111	112
Mar.	88	122	134	129	125	113	118	123	123	116	117	111	115	137	143	130	125	174	201	202	205	111	112
Apr.	88	122	134	129	125	112	118	123	123	116	117	111	115	137	146	129	126	175	202	200	202	110	112
May	88	122	134	130	125	113	119	124	124	117	118	111	116	137	147	129	127	176	205	199	203	110	112
June	88	123	136	130	125	114	119	125	126	118	118	112	115	139	149	132	128	177	206	202	207	110	112
July	88	124	134	130	124	114	120	126	126	118	118	113	115	139	150	132	128	179	209	201	209	110	111
Aug.	88	124	137	131	125	115	121	127	126	119	118	113	116	140	152	132	129	182	215	206	212	110	112
Sept.	88	124	136	131	125	115	120	128	128	120	118	112	116	140	151	134	129	183	217	206	209	111	113
Oct.	88	125	137	131	124	115	121	128	129	120	119	112	117	141	151	136	128	182	217	208	212	111	114
Nov.	88	125	137	132	124	116	121	130	130	121	120	113	117	142	152	136	129	186	219	208	216	112	115
Dec.	88	126	138	132	125	116	122	130	130	122	119	113	117	143	156	138	128	185	218	209	219	112	115
Jan.	89	126	139	133	125	117	124	131	131	122	120	112	117	144	159	140	128	187	219	211	218	112	115
Feb.	89	127	138	133	124	118	125	132	130	123	119	113	117	144	161	142	128	186	219	212	213	112	116
Mar.	89	127	138	133	125	118	126	133	131	123	119	112	117	148	159	141	129	188	226	213	219	112	116
Apr.	89	127	138	133	125	118	126	133	130	123	119	112	116	145	159	144	128	187	223	211	217	112	117
May	89	127	138	134	124	118	126	134	132	123	119	112	116	145	156	143	130	189	223	211	217	112	118
June	89	128	137	134	125	119	126	134	132	123	119	113	117	146	157	146	130	188	227	213	218	113	118
July	89	128	136	134	125	119	127	135	130	124	119	114	117	148	156	146	128	190	228	216	217	112	116
Aug.	89	128	138	134	125	120	126	135	132	125	120		119	147	158	147	130	192	231	220	225	112	119
Sept.	89	128	138	135	127	119	128	135	134	125	118		117	147	157	148	128	190	232	219	227		118
Oct.	89	128	138			119			131								127	192	232	220	220		
		Growth Rates, Percent																					
Jan.	88	5	4	7	6	3	3	8	2	9	1	6	-3	8	11	7	4	4	9	17	16	-2	-4
Feb.	88	6	3	6	5	4	3	8	3	8	0	6	-2	9	9	8	4	8	12	17	14	-3	-5
Mar.	88	6	3	7	5	4	3	8	4	8	1	6	0	9	9	9	6	4	14	14	15	-3	-5
Apr.	88	6	2	6	4	3	4	7	3	7	0	6	0	8	10	6	6	4	12	10	9	-3	-5
May	88	5	1	6	3	4	4	7	4	7	1	6	1	7	10	5	8	4	14	7	9	-3	-4
June	88	6	4	6	3	4	4	8	7	7	2	6	1	8	10	8	8	5	12	8	11	-3	-3
July	88	5	1	5	1	3	5	8	6	7	2	7	1	7	11	8	6	6	13	6	11	-3	-4
Aug.	88	5	5	5	1	5	5	8	6	7	2	5	3	7	11	6	7	8	17	9	13	-3	-2
Sept.	88	4	3	5	1	4	4	8	8	7	2	4	2	7	8	9	6	8	16	7	7	-2	-1
Oct.	88	5	3	4	0	3	4	7	9	7	3	3	3	6	7	9	3	6	15	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	9	7	5	4	3	7	7	8	5	10	14	6	10	1	4
Dec.	88	4	5	4	0	5	6	8	7	7	3	4	3	7	12	10	3	8	11	6	11	1	3
Jan.	89	4	5	4	1	5	7	8	8	6	4	1	2	7	14	11	3	9	10	7	9	2	4
Feb.	89	5	4	4	0	6	8	8	6	6	2	1	2	6	14	12	2	6	8	7	3	2	4
Mar.	89	4	2	3	0	5	8	8	6	6	1	0	1	11	10	11	2	7	12	7	8	2	5
Apr.	89	4	2	3	0	5	7	7	4	5	1	-1	-1	5	7	13	1	5	7	4	5	2	5
May	89	4	2	3	-1	4	7	7	5	5	1	0	-1	4	3	9	3	7	6	3	4	2	6
June	89	3	0	3	0	5	5	7	5	4	-1	1	1	5	4	13	2	4	9	4	4	3	5
July	89	3	-2	2	1	4	5	6	1	4	0	2	1	4	1	11	-1	5	8	7	2	0	2
Aug.	89	4	0	2	1	5	3	6	3	4	1		3	4	3	10	1	6	9	9	9	1	6
Sept.	89	3	0	3	3	3	5	4	5	4	-1		0	3	1	9	-1	3	9	7	9		4
Oct.	89	2	1			3			0								-2	5	8	7	2		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

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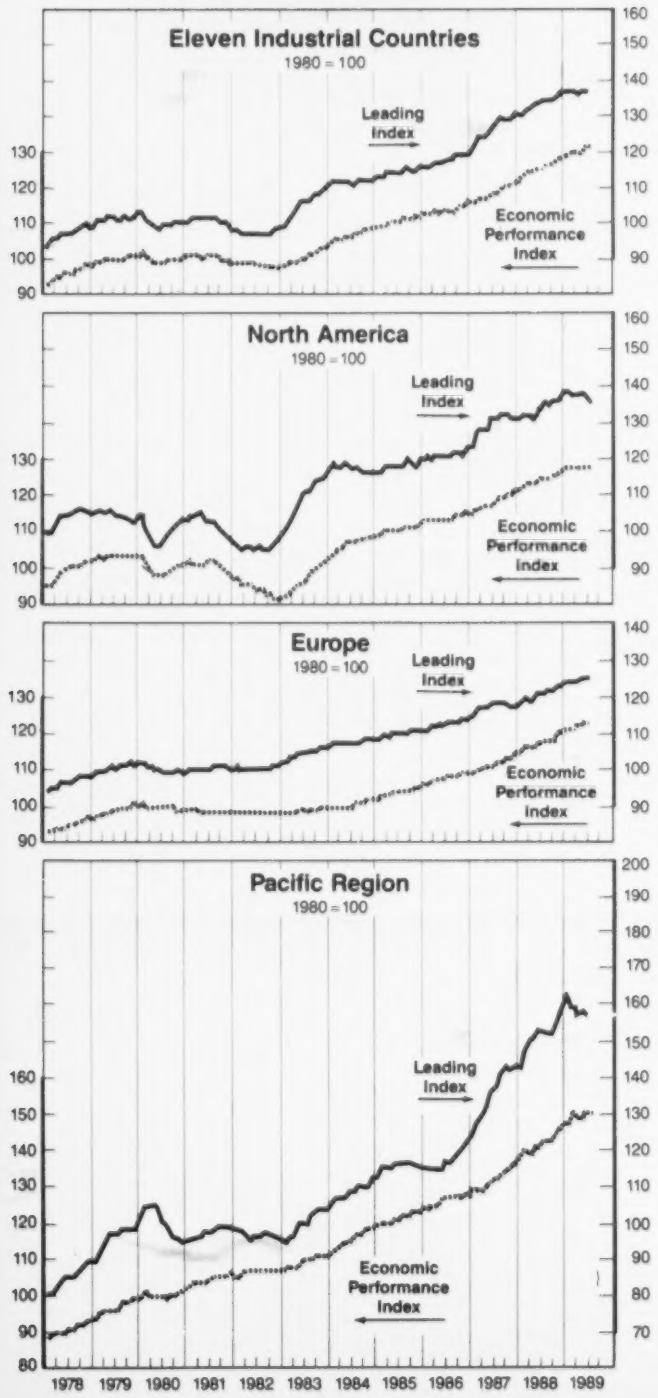
The Conference Board

Economic and Business Environment Program

International Economic Scoreboard

A Quarterly Report from The Conference Board **Fourth Quarter 1989**

WORLD BUSINESS CYCLE



For the first time since the stock market crash in 1987, the indexes that track the global business cycle are reporting a message other than "onward and upward." The latest data for the 11-country leading index show a pronounced leveling off since the beginning of the year. This signal should not be magnified into a forecast of an economic downturn, however, because meaningful declines in the leading indexes remain difficult to find. What the numbers do suggest is a distinctly slower pace of economic advance.

All three major regions of the world show the same pattern. When we go further and examine the data country by country, we find the signs of slowdown to be fairly widespread. Only West Germany (by a wide margin) and France (narrowly) have leading indexes that are advancing faster than their long-term trend rates of growth. Taiwan's leading index is still moving higher at a hefty 8 percent pace, but that only matches the country's long-term growth rate. Italy and New Zealand, both with 2 percent growth rates, also match their historical pace.

The other half-dozen countries, including the United States and Japan, show more limited growth in their leading indexes. (As discussed previously in the *Scoreboard,* the Japanese data are distorted by the impact of the new value-added tax imposed last April 1; this raises a question whether the economic outlook in Japan is actually as lackluster as the leading index suggests.) The only minus sign is for Australia, where the leading index is declining at a 3 percent rate.

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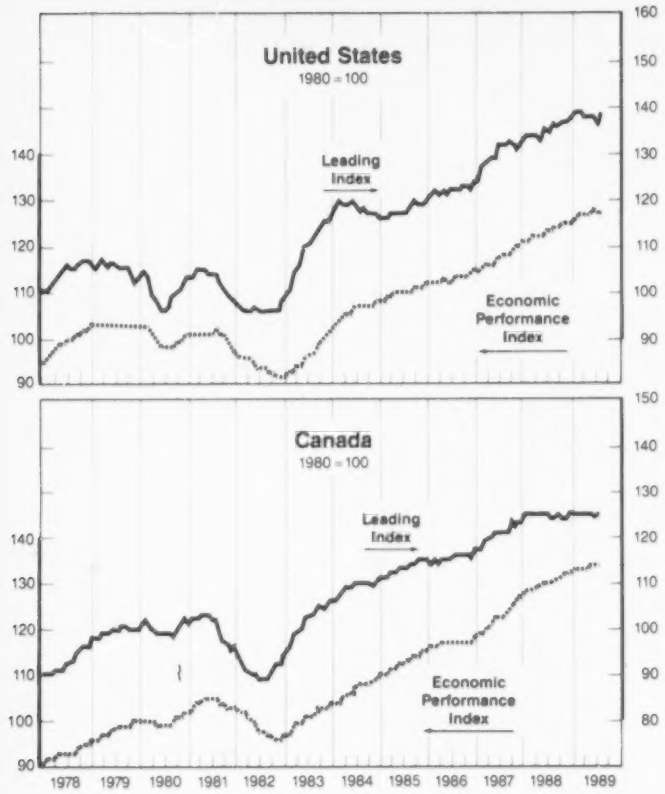
NORTH AMERICAN COUNTRIES



The U.S. leading index, which has been flat since the beginning of the year, dipped a couple of points in July and then rebounded smartly in August. Most of the August bounce-back can be traced to the consumer-credit and capital-goods-orders components, which were also making up ground lost in earlier months. Preliminary indications for September suggest another modest gain for the leading index.

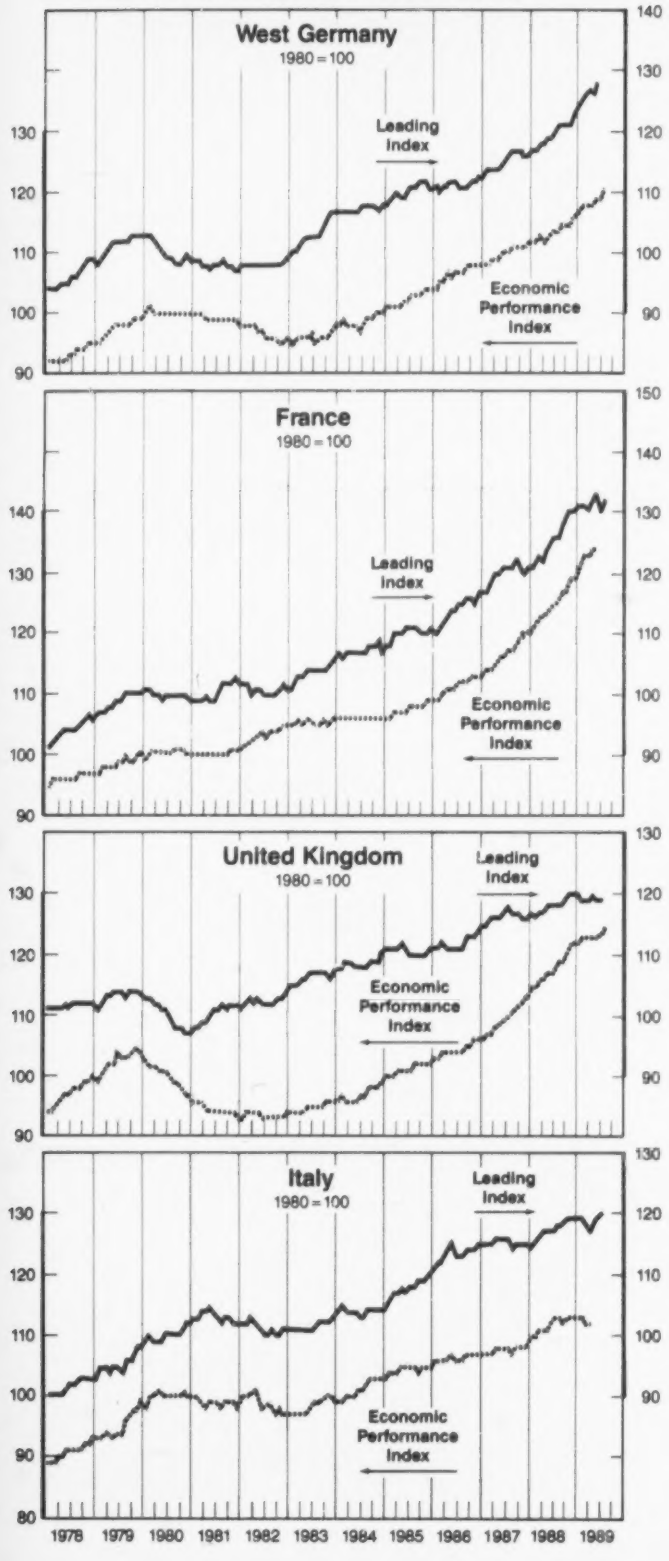
The Canadian leading index regained in July the small declines recorded in the two previous months. The growth rate for the leading index is zero and, in fact, the index has been flat for a year and a half—a good long stretch. Nevertheless, the economic performance index continues to move ahead—albeit reluctantly.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	6	5	4	7	4	1	Expansion continuing, leaders weak	July
Ten countries excl. U.S.	3	6	5	4	8	5	2	Expansion continuing	July
North America (2)	3	4	4	2	5	2	-2	Expansion continuing, leaders weak	July
Europe (4)	2	6	5	4	6	3	3	Expansion continuing	July
Pacific Region (5)	4	7	5	5	13	7	1	Expansion continuing, leaders weak	July
United States	3	5	4	3	4	2	2	Expansion continuing	Aug.
Canada	3	4	3	2	1	0	0	Expansion continuing, leaders weak	July
West Germany	2	5	4	6	7	8	8	Expansion continuing	Aug./July
France	2	8	8	7	6	5	3	Expansion continuing	June/Aug.
United Kingdom	2	7	5	5	4	1	0	Expansion continuing, leaders weak	Aug./July
Italy	2	3	1	-1	3	-1	2	Cyclical direction uncertain	Apr./July
Japan	4	7	5	4	14	7	1	Expansion continuing, leaders weak	July
Australia	3	11	13	11	3	0	-3	Expansion continuing, leaders weak	July
Taiwan, R.O.C.	8	6	6	6	8	6	8	Expansion continuing	Aug.
Korea, R.O.K.	7	8	4	6	9	5	2	Expansion continuing	July
New Zealand	2	1	2	-2	4	6	2	Upturn developing, with a setback	May/July

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

EUROPEAN COUNTRIES



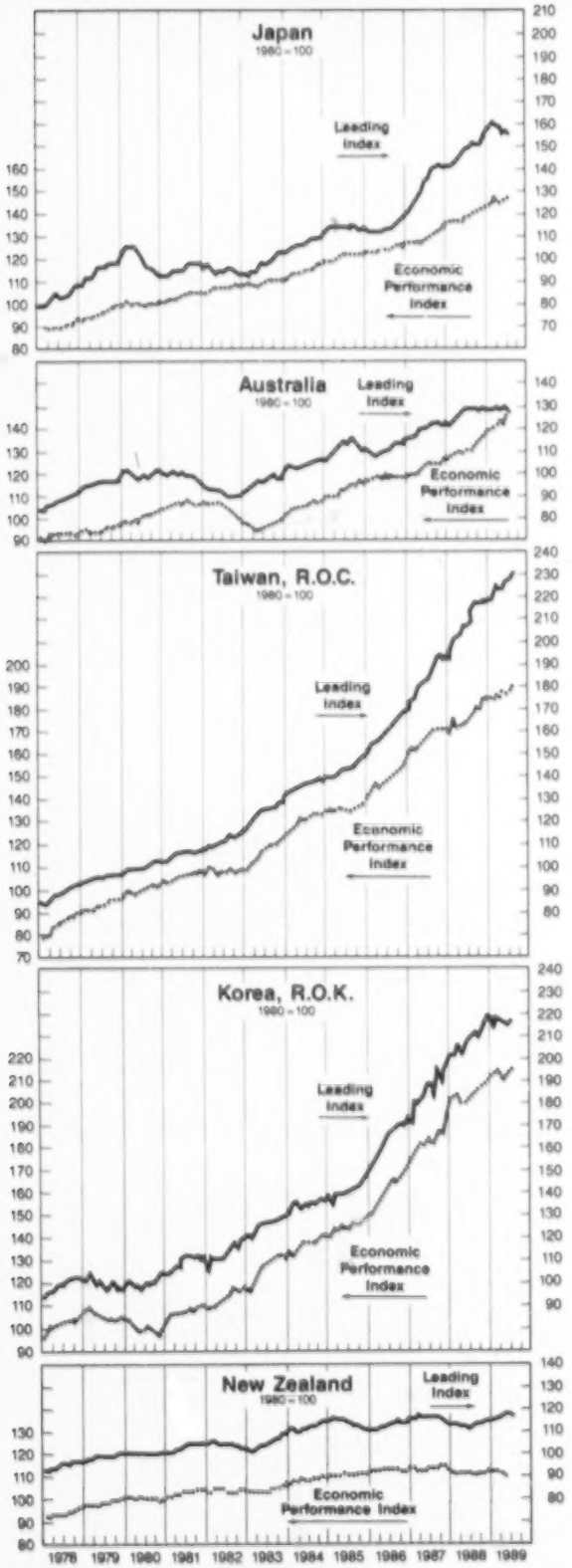
The West German numbers show the brightest outlook among all eleven countries. Both the leading and performance indexes are advancing in a spirited fashion—at 8 percent and 6 percent respectively.

In France, the leading index rebounded nicely in August following a surprising dip in July. The 3 percent growth rate in the index is encouraging but only moderately so.

The United Kingdom's indexes are something of an enigma. The economy continues to advance rather vigorously—the performance index shows a growth rate of 5 percent—despite a leading index that has shown no growth at all for nine months.

Italy's economic outlook improved slightly this month, as the leading index inched forward to a new high. Nevertheless, with the growth rates at 2 percent for the leaders and -1 percent for the performance index, the Italian data continue to be unimpressive and irresolute.

PACIFIC REGION COUNTRIES



The outlook for Japan appears to have soured dramatically since last report. Unfortunately, however, the data are badly obscured by two events: First, the method by which the indexes are calculated has been revised (to eliminate the excessive short-term fluctuations that often would arise from certain component series). And second (as anticipated in previous reports) the impact of the new value-added tax imposed in Japan last April 1 made earlier data look unduly favorable while depressing the subsequent numbers. Currently, the performance index shows steady growth, and the leading index seems to be leveling off, but how much attention we should pay to the leading index is a puzzle.

The Australian performance index tells us the economy is growing like an explosive weed. Yet the leading index is not at all consistent with a rapid advance: It has been flat for a year and, in fact, dropped two points in July.

The indexes for Taiwan, R.O.C., continue to rise steadily at an average pace (average for Taiwan, but extremely vigorous for most other countries). Taiwan's current growth rates—6 percent for the performance index and 8 percent for the leaders—are identical with West Germany's; they are the two countries, just now, with an unequivocally positive outlook.

Korea is another economy, along with Australia, France and the United Kingdom, where the leading index growth rate is moving at a pedestrian pace (2 percent for Korea) while the performance index continues to advance nicely.

New Zealand (charted here for the first time) had appeared to start on a moderate cyclical recovery in late 1988. New data, however, cast doubt on this conclusion, because they show a decline in the economic performance indexes in April and May. This drop is difficult to fathom, because the decline had *not* been heralded by the leading indexes—not even by a hesitation in the growth rate. But then, in addition, the leading index stumbled in July. The puzzle, then, is how seriously to take these latest numbers.

WORLDWIDE ECONOMIC SLOWDOWN AHEAD

As the first part of this *Scoreboard* shows, the global business-cycle expansion is slowing down. In the United States, after vigorous growth of 5.4 percent in 1987 and a sturdy 3.4 percent in 1988, the economy has settled down to an annual rate of advance of 2.5 percent in the second and third quarters of this year. This same pattern of continuing but slowing expansion is evident also for most of the other major industrial countries. With few exceptions—notably West Germany and Taiwan—the *Scoreboard's* leading indexes support the expectation that the slowdown will persist in the months ahead.

Economic forecasting is a dangerous occupation, hazardous to an economist's professional reputation. Yet prediction is inseparable from life, and our choice is not whether to forecast or abstain from it, but whether to rely on "hunches" or on lessons carefully distilled from experience. One of the lessons economic forecasting history teaches us is that very few individuals are consistently able to forecast more accurately than the consensus of a group of professional forecasters. The "forecasting batting average" of the consensus is virtually always superior. In this *Scoreboard* we examine a multicountry record of consensus forecasts since 1982. These are forecasts of economic output (real GNP or GDP) and inflation (the consumer price index, CPI) for the United States, the United Kingdom, West Germany, and Japan.

The historical record was compiled from *Blue Chip Economic Worldscan*, which regularly published projections of year-to-year percentage changes in the GNP and the CPI for the major countries. (Similar data are now provided by *Globescope*, Glen Carbon, Illinois.) Over thirty prominent forecasters from many countries regularly participate in the survey from which these consensus forecasts are compiled.

How good is this group's forecasting record? To answer that question you need a standard or benchmark against which to compare the accuracy of their forecasts. One widely used comparison is to match the group's forecast against a "naive extrapolation," which is a forecast generated by assuming that next year's change will be the same as this year's.

Here, again, we find that on average the consensus forecast is almost always superior to the extrapolation benchmark. For output growth, the average error for the consensus was 0.9 percentage points, substantially lower than the 1.6 points for the benchmark. For inflation, the margin is narrower: 1.2 vs. 1.4 percentage points. Looking at the record country by country, the forecasters beat the benchmark on output in all four nations, and on inflation in three of the four. Only in Japan were the extrapolative forecasts of inflation more accurate.

The evidence above provides strong support for the conclusion that a professional consensus is more accurate than a naive procedure. But how would the errors from the consensus forecasts compare with those associated with the use of leading indicators to forecast magnitudes of change in output and prices? It is commonly said that the leading-index approach is helpful in forecasting business-cycle turning points but has nothing useful to say about the magnitude of expansion or contraction. Not so. Researchers at the Columbia University Center for International Business Cycle Research (CIBCR) recently conducted experiments to test the usefulness of the leading indexes in predicting year-to-year changes in real output.

One such test used the growth of Columbia's "long leading" index to forecast changes in U.S. economic output. This test showed an average error of 0.9 percentage points for the period from 1969 to 1988. This is a slight improvement on the 1.0 percentage point error that is typical for the consensus of professional forecasters.

Another test that was made was based on inflation forecasts. It used the Columbia leading inflation index to forecast year-to-year percent changes in the U.S. consumer price index from 1969 to 1988. This test disclosed an average error of 1.0 percentage point, again slightly better than the 1.1 point error in the October consensus forecast of the CPI made by the Blue Chip Economic Indicators Survey since 1983. In both cases, then, the U.S. leading indexes proved themselves to be useful forecasting tools.

The accompanying table provides information on some preliminary work on the forecasting accuracy of the Japanese, West German, and British leading indexes with respect to changes in real gross domestic product. (As yet, leading inflation indexes are not available for these countries, so we limit this analysis to output forecasts.) A simple regression for the 1982-1988 period that uses the preceding October's smoothed rate of growth in the leading index as the explanatory variable is employed to forecast next year's GNP. For Japan this method produces forecasts with an average error of 0.5 percentage points. This compares with an average error of 0.9 percentage points for the consensus of professional forecasters. For the United Kingdom and West Germany the comparable statistics are 1.0 percentage points for the British leaders

vs. 0.7 points for the consensus, and 0.7 percentage points for the German leaders vs. 0.9 points for the consensus. Thus in three of the four countries—the exception is Britain— use of the leading indexes tends to improve the forecasts—not every year, of course, but more often than not.

Looking Ahead

What are the prospects for 1990? As noted earlier, the global business cycle appears to be headed for a slowdown in 1990. In the United States, the CIBCR long leaders are suggesting a growth of real output of 2.6 percent for next year, which is just about the same as its current growth rate and slower than last year. The consensus forecast, however, is a bit more pessimistic; it calls for 1.9 percent growth in the U.S. in 1990. In Japan, growth in real output is currently running above six percent. The Japanese leading index (assuming it continues for the next couple of months to look the way it does now) is predicting a slowdown to a 3.7 percent advance in 1990, whereas the consensus predicts a more optimistic 4.8 percent. For West Germany and the U.K., the leading indexes suggest growth of 3.9 percent and 3.5 percent respectively, while the consensus forecasts for 1990 are for growth of 2.9 and 1.6 percent respectively. In all four countries, then, the forecasts of next year's output, whether they come from the leading indexes or from the professional forecasters, call for slower growth to continue in 1990.

One final point: What impact can we expect these slower growth rates to have on inflation? Well, we shouldn't expect too much, because the projected slowdown in output growth is not very sharp—we're not talking about anything nearly as sharp as a recession, for example. But it is reasonable to expect inflation rates to subside somewhat over the next twelve months. Numerous economic studies have confirmed that in all four countries subpar economic growth experience has led to noticeable declines in the rate of inflation.

AVERAGE FORECAST ERRORS

(percent deviations in year-to-year forecasts, calculated without regard to sign)

	Output			Inflation		
	Consenus	Extrapo-lation	Leaders	Consenus	Extrapo-lation	Leaders
United States	1.0	2.6	0.9	1.1	1.8	1.0
United Kingdom	0.7	1.1	1.0	1.1	1.8	-
West Germany	0.9	1.2	0.7	0.9	1.0	-
Japan	0.9	1.4	0.5	1.3	1.0	-
Average, four countries	0.9	1.6	0.8	1.2	1.4	-

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Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — January 1990

SUMMARY

Worldwide, the leading indexes continue to point to slow business-cycle expansion ahead for the industrial countries.

Regionally, new data have restored what was (until the past few months) a fairly regular pattern where the Pacific Region shows more cyclical energy than Europe and North America.

Nationally, the big news is in the Far East. Once again the leading index for Japan shows an optimistic picture. At the same time, the Australian outlook has weakened further, with the leading index declining at a 4 percent annual rate. Although it's too early to be at all confident about it, the Australian data are, in fact, giving off more than a whiff of recession. France, Italy and the United Kingdom also show declines in their leading indexes, but by narrower margins.

Interpretation: Although the indexes for the 11-country composite haven't changed much over the past few months, there is suddenly much less conformity of pattern from country to country. This report shows 4 countries with *negative* rates of change in their leading indexes, the first time that's happened since 1982.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	5	4	3	4	2	2	Expansion continuing	Oct.
Ten countries excl. U.S.	3	5	5	4	5	4	3	Expansion continuing	Oct.
North America (2)	3	4	3	1	2	-2	1	Expansion continuing, leaders weak	Oct.
Europe (4)	2	5	5	5	4	2	0	Expansion continuing, leaders weak	Oct.
Pacific Region (5)	4	5	6	4	7	6	7	Expansion continuing	Oct.
United States	3	4	3	1	2	1	1	Expansion continuing, leaders weak	Nov.
Canada	3	3	2	1	0	1	1	Expansion continuing, leaders weak	Oct.
West Germany	2	4	5	3	7	5	3	Expansion continuing	Nov./Oct.
France	2	8	7	5	5	1	-1	Expansion continuing, leaders weak	Oct./Nov.
United Kingdom	2	5	5	5	1	0	-1	Expansion continuing, leaders weak	Oct.
Italy	2	-1	2	6	-1	1	-2	Expansion resuming, leaders weak	Oct.
Japan	4	5	5	4	7	7	9	Expansion continuing	Oct.
Australia	3	13	11	6	3	1	-4	Expansion continuing, leaders weak	Oct./Nov.
Taiwan, R.O.C.	8	7	6	6	6	9	7	Expansion continuing	Nov.
Korea, R.O.K.	7	3	9	6	4	8	1	Expansion continuing, leaders weak	Nov.
New Zealand	2	2	2	0	5	2	5	Upturn developing	Aug./Oct.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1988-89

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	122	130	124	127	121	132	115	118	137	142
Feb.	88	123	130	125	127	122	133	116	118	139	143
Mar.	88	124	131	125	128	123	133	116	119	140	145
Apr.	88	124	131	125	129	123	133	116	118	139	147
May	88	124	131	126	130	123	133	117	119	140	148
June	88	125	133	127	131	124	135	118	120	141	150
July	88	126	133	127	132	124	134	118	121	141	151
Aug.	88	126	134	128	133	124	136	119	121	142	153
Sept.	88	127	134	129	133	125	135	119	122	143	152
Oct.	88	127	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	134	126	136	120	123	145	153
Dec.	88	129	136	131	135	126	137	121	123	146	157
Jan.	89	129	138	131	137	127	138	121	124	147	159
Feb.	89	130	138	132	137	127	137	122	124	147	160
Mar.	89	131	137	133	137	128	137	122	124	151	159
Apr.	89	130	137	132	137	128	137	123	124	148	159
May	89	130	137	132	136	128	137	123	124	148	157
June	89	131	137	134	137	128	136	124	125	150	160
July	89	131	137	134	138	128	135	124	124	150	161
Aug.	89	132	139	135	139	129	137	125	125	152	165
Sept.	89	132	139	135	140	129	137	125	125	151	165
Oct.	89	132	139	135	139	128	137	125	124	151	165

	11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
	Growth Rates, Percent									
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
	6	5	7	5	5	4	6	2	8	10
	7	4	8	5	6	4	6	2	9	9
	7	4	8	5	6	3	7	3	9	9
	6	4	6	5	6	2	5	2	7	10
	6	4	6	6	5	1	6	3	7	10
	6	5	7	6	6	4	6	4	8	10
	6	4	6	6	5	1	6	4	7	10
	6	6	6	7	5	5	6	5	7	11
	5	5	6	6	4	3	6	5	7	8
	5	5	6	6	5	3	5	5	6	7
	5	5	6	6	4	3	6	5	7	7
	6	6	6	7	4	4	6	5	7	11
	6	7	6	8	4	5	6	6	7	13
	5	6	6	8	5	3	6	5	6	12
	6	5	7	6	4	2	5	5	10	9
	5	4	5	5	4	2	5	4	5	7
	4	2	4	3	4	1	5	3	4	3
	4	3	5	4	3	0	5	3	6	6
	4	2	5	4	3	-2	5	2	6	6
	5	3	5	5	3	1	5	2	6	10
	4	3	4	5	2	0	4	2	5	8
	3	2	4	3	1	1	5	0	4	7
	Ten Year Annual Growth Rate, Percent									
	3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-89

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	120	133	127	124	112	117	122	121	115	117	110	114	134	141	128	122	172	192	201	201	112	113
Feb.	88	121	134	128	125	112	117	123	122	115	117	110	114	136	142	129	123	177	197	203	202	111	112
Mar.	88	122	134	129	125	113	118	123	123	116	117	111	115	137	143	130	125	174	201	202	205	111	112
Apr.	88	122	134	129	125	112	118	123	122	116	116	111	115	137	146	129	126	175	202	200	202	110	112
May	88	122	134	130	125	113	119	124	124	117	117	111	116	137	147	129	127	176	205	199	203	110	112
June	88	123	136	130	125	114	119	125	126	118	118	112	116	139	149	132	128	177	206	202	207	110	112
July	88	124	134	130	124	114	120	126	126	119	119	113	116	139	150	132	128	179	209	201	209	110	111
Aug.	88	124	137	131	125	115	121	127	126	119	120	113	117	140	152	132	129	182	215	206	212	110	112
Sept.	88	124	136	131	125	115	120	128	128	120	119	112	117	141	151	134	129	183	217	206	209	111	113
Oct.	88	125	137	131	124	115	121	128	129	120	120	112	117	141	151	136	128	182	217	208	212	111	114
Nov.	88	125	137	132	124	116	121	130	130	121	121	113	117	142	152	136	129	186	219	208	216	112	115
Dec.	88	126	138	132	125	116	122	130	130	122	120	113	117	143	156	138	128	185	218	209	219	112	115
Jan.	89	126	139	133	125	117	124	131	131	122	121	112	117	144	159	140	128	187	219	211	218	112	115
Feb.	89	127	138	133	124	118	125	132	130	123	120	113	117	144	161	142	128	186	219	212	213	112	116
Mar.	89	127	138	133	125	118	126	133	131	123	120	112	117	148	159	141	129	188	226	213	219	112	116
Apr.	89	127	138	133	125	118	126	133	130	123	120	112	116	145	158	144	128	187	223	211	217	112	117
May	89	127	138	134	124	118	126	134	131	124	120	112	116	145	156	143	130	189	223	211	217	112	118
June	89	128	137	134	125	119	126	135	132	124	119	113	117	147	160	146	130	188	227	213	218	112	117
July	89	128	136	134	125	119	127	136	130	125	120	114	118	147	162	146	128	190	228	216	217	111	116
Aug.	89	128	138	134	125	120	126	136	131	125	120	114	119	148	166	147	130	192	231	220	225	111	118
Sept.	89	128	138	135	126	119	128	136	132	126	119	115	117	148	165	149	128	191	232	219	226		118
Oct.	89	128	138	134	125	120	127	136	130	126	119	117	116	148	166	147	127	192	232	220	219		119
Nov.	89	128	138			120			130								126	194	233	220	220		
		Growth Rates, Percent																					
Jan.	88	5	4	7	6	3	3	8	2	8	2	6	-3	8	11	7	4	4	9	17	16	-2	-4
Feb.	88	6	3	6	5	4	3	8	3	8	0	6	-2	9	9	8	4	8	12	17	14	-3	-5
Mar.	88	6	3	7	5	4	3	8	4	8	1	6	0	9	9	9	6	4	14	14	15	-3	-5
Apr.	88	6	2	6	4	3	4	7	3	7	-1	6	0	8	10	6	6	4	12	10	9	-3	-5
May	88	5	1	6	3	4	4	7	4	7	0	6	1	7	10	5	8	4	14	7	9	-3	-4
June	88	6	4	6	3	4	4	8	7	7	1	6	1	8	10	8	8	5	12	8	11	-3	-3
July	88	5	1	5	1	3	5	8	6	7	3	7	1	7	11	8	6	6	13	6	11	-3	-4
Aug.	88	5	5	5	1	5	5	8	6	7	4	5	3	7	11	6	7	8	17	9	13	-3	-2
Sept.	88	4	3	5	1	4	4	8	8	7	3	4	2	7	8	9	6	8	16	7	7	-2	-1
Oct.	88	5	3	4	0	3	4	7	9	7	3	3	3	6	7	9	3	6	15	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	9	7	5	4	3	7	7	8	5	10	14	6	10	1	4
Dec.	88	4	5	4	0	5	6	8	7	6	3	4	3	7	12	10	3	8	11	6	11	1	3
Jan.	89	4	5	4	1	5	7	8	8	6	4	1	3	7	14	11	3	9	10	7	9	2	4
Feb.	89	5	4	4	0	6	8	8	6	6	2	1	2	6	14	12	2	6	8	7	3	2	4
Mar.	89	4	2	3	0	5	8	8	6	6	1	0	1	11	10	11	2	7	12	7	8	2	5
Apr.	89	4	2	3	0	5	7	8	4	5	1	-1	-1	5	7	13	1	5	7	4	5	2	5
May	89	4	2	3	-1	4	7	7	5	5	0	0	-1	4	3	9	3	7	6	3	4	2	6
June	89	3	0	3	0	5	5	7	4	5	-1	1	1	5	6	13	2	4	9	4	4	2	5
July	89	3	-2	2	1	4	5	7	1	5	0	2	1	5	7	11	-1	5	8	7	2	0	2
Aug.	89	3	1	2	1	5	3	7	1	5	1	3	3	6	11	10	1	6	9	9	8	0	5
Sept.	89	2	0	3	2	3	5	5	3	5	-1	4	-1	4	9	11	-1	4	9	7	8		3
Oct.	89	1	1	1	1	4	3	5	-1	5	-1	6	-2	4	9	6	-2	5	8	7	1		5
Nov.	89	1	1			3			-1								-4	6	7	6	1		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

The Conference Board

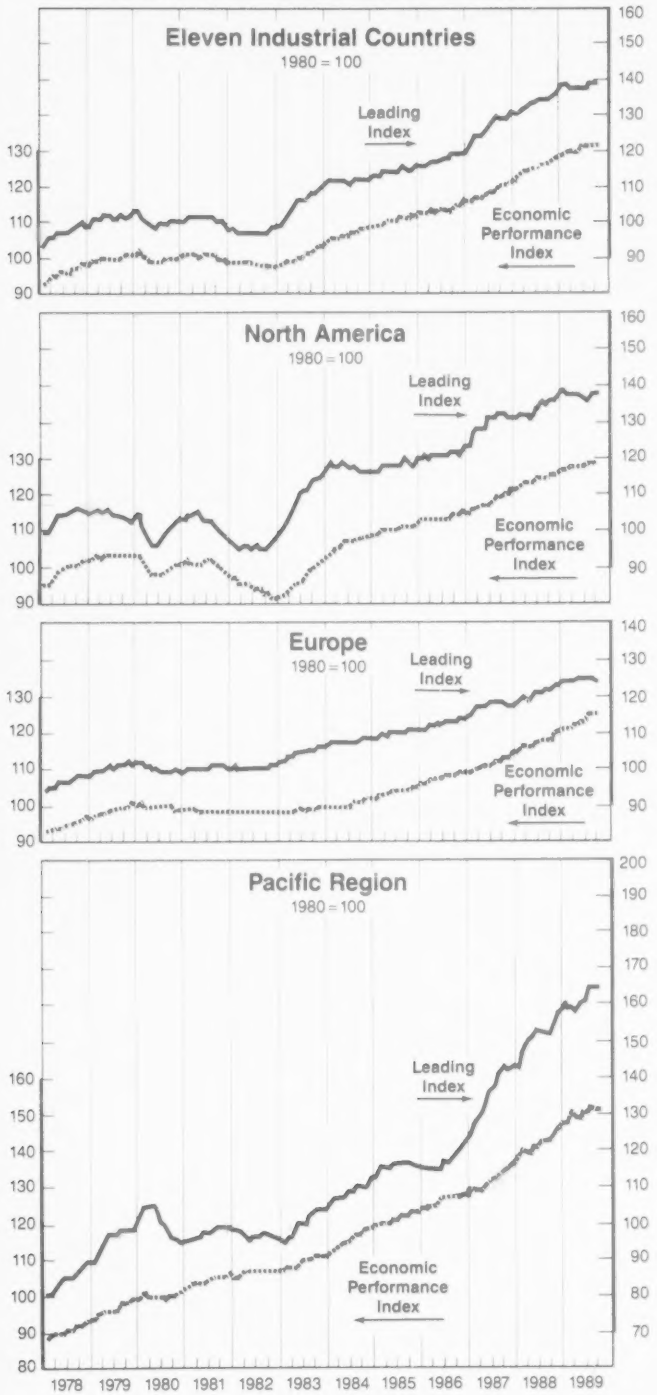
Economics Program

R4105-6

International Economic Scoreboard

A Quarterly Report from The Conference Board — First Quarter 1990

WORLD BUSINESS CYCLE



The pronounced leveling-off in the 11-country leading index that first showed up early in 1989 continued into the fourth quarter. The economic performance index continues to advance slowly, and the leading index suggests nothing better than that is likely during at least the early months of 1990.

The regional pattern that prevailed most of the time in recent years (but not for the past few months) reappears in the latest data. The Pacific Region—primarily Japan—again shows a more encouraging picture than Europe and North America.

But the data have changed in one important way: There is suddenly much less conformity of pattern from country to country. Although the leading indexes have been through periods of slow growth now and again (1985, 1989), it's been a long time since we've had a report that showed more than one country with a negative growth rate in its leading index. This month the *Scoreboard* shows four countries with leading indexes that have turned down, albeit modestly. That hasn't happened since 1982.

The two countries at opposite ends of the scale are Australia and Japan. The Australian data, while not decisively dismal, are giving off more than a whiff of recession. The Japanese data, by contrast, once again look quite propitious.

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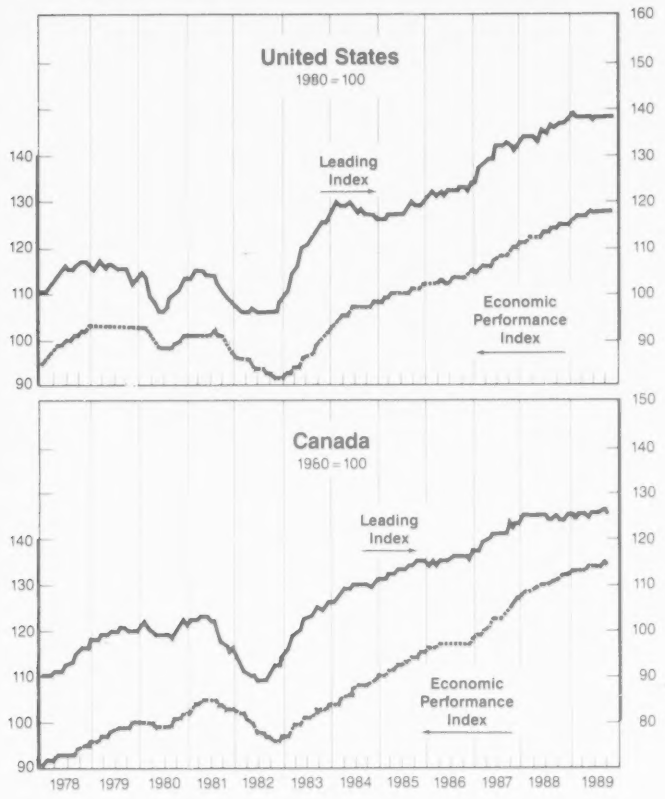
NORTH AMERICAN COUNTRIES



The U.S. leading index continues on an even keel but is going nowhere. November was unchanged for the third consecutive month. December will again be flat to down, early data suggest. If there's any business-cycle move in the offing—either a take-off or a turndown—it has yet to show up in our early warning indexes.

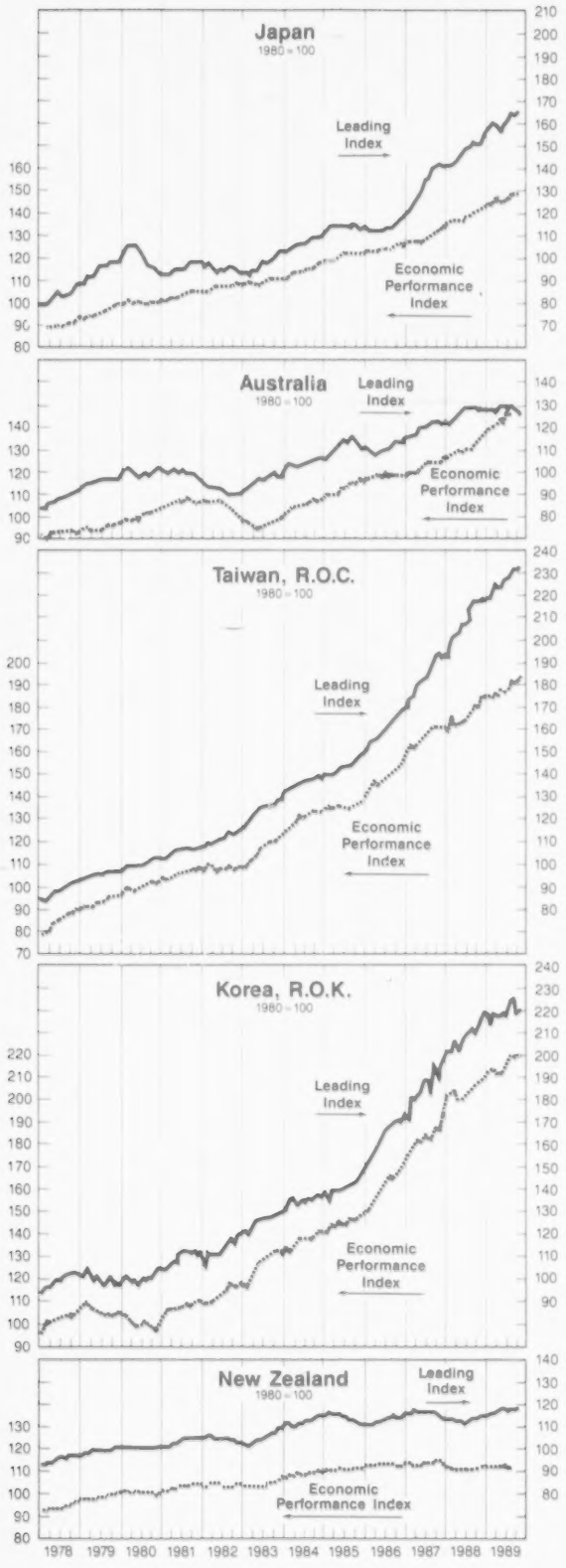
The figures for Canada show almost the same pattern as the United States, except that the Canadian leading index first leveled off a year earlier than in the U.S., in early '88. Prospects are mushy.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	5	4	3	4	2	2	Expansion continuing	Oct.
Ten countries excl. U.S.	3	5	5	4	5	4	3	Expansion continuing	Oct.
North America (2)	3	4	3	1	2	-2	1	Expansion continuing, leaders weak	Oct.
Europe (4)	2	5	5	5	4	2	0	Expansion continuing, leaders weak	Oct.
Pacific Region (5)	4	5	6	4	7	6	7	Expansion continuing	Oct.
United States	3	4	3	1	2	1	1	Expansion continuing, leaders weak	Nov.
Canada	3	3	2	1	0	1	1	Expansion continuing, leaders weak	Oct.
West Germany	2	4	5	3	7	5	3	Expansion continuing	Nov./Oct.
France	2	8	7	5	5	1	-1	Expansion continuing, leaders weak	Oct./Nov.
United Kingdom	2	5	5	5	1	0	-1	Expansion continuing, leaders weak	Oct.
Italy	2	-1	2	6	-1	1	-2	Expansion resuming, leaders weak	Oct.
Japan	4	5	5	4	7	7	9	Expansion continuing	Oct.
Australia	3	13	11	6	3	1	-4	Expansion continuing, leaders weak	Oct./Nov.
Taiwan, R.O.C.	8	7	6	6	6	9	7	Expansion continuing	Nov.
Korea, R.O.K.	7	3	9	6	4	8	1	Expansion continuing, leaders weak	Nov.
New Zealand	2	2	2	0	5	2	5	Upturn developing	Aug./Oct.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

PACIFIC REGION COUNTRIES



The Japanese outlook has reversed itself once again. This time the reason is more favorable data for inventories and corporate profits. We believe these wild gyrations in the outlook are almost entirely the result of volatile data, in part related to the introduction of the value added tax earlier this year. Our best guess is that the business cycle outlook is favorable in Japan, but less so than the great strength in the leading index since the spring would suggest.

The Australian leading index has declined further. Among the component series that make up the leading index, the most important was the money supply, which has been falling steadily and sharply since last February. Recession is a distinct possibility.

The story in Taiwan is a simple "steady as she goes." The performance index is growing at a 6 percent rate and the leading index at 7 percent, both fairly close to the 10-year average for the Taiwanese economy. We look for more of the same.

Interpreting the Korean indexes is a formidable task these days. The data have been jumping around more than usual. Over the past year the performance index has continued to advance at about the trend rate, but the leading index has barely done better than hold its own.

The New Zealand indexes are also mixed. The performance index bottomed out in 1988 but nevertheless showed little growth in 1989, despite a signal from the leading index that a moderate cyclical recovery should have begun. That's still the best bet.

WHAT'S AHEAD FOR INFLATION?

Except for unemployment, no measure of economic activity commands as much attention as inflation. Although the cyclical indexes featured in this publication usually focus on the real dimensions of the economy, they are also useful to show whether inflationary pressures are intensifying or subsiding.

Over the long haul, inflation is primarily a monetary phenomenon—"too much money chasing too few goods," as the classic definition puts it. In the short run, however, the most important factors determining whether inflation is accelerating or slowing are the economy's operating rate and the direction of the business cycle. When the business cycle is high and rising the inflation rate will accelerate; when the cycle is headed down, inflation will subside. Consequently, the *Scoreboard's* indexes can be used to generate an early warning of where inflation is headed, just as they are always used to forecast the direction of the business cycle.

Some years ago the Center for International Business Cycle Research (CIBCR) developed a forecasting system designed to send out a warning signal when the economy is headed for either a slowdown or a recovery. The initial signal of a slowdown appears when the growth rate of the leading index falls significantly below the long-term growth rate, and a confirming (or final) signal is sounded when the growth rate of the economic performance index also falls significantly below the long-term rate. Correspondingly, signals of recovery are recorded when the growth rates of the leading and performance indexes rise significantly *above* their long-term rates.

A key question in designing this forecasting system is where to set the trigger point. In other words, how far below the long term average does the current growth rate have to fall before the signal is activated? That is always a difficult question, because it involves a trade-off between timeliness and reliability. If a wide margin is established, the risk of getting a false signal is reduced, but it increases the risk that the signal will appear too late to be useful. Alternatively, if a narrow margin is established in order to get an early forecast of the slowdown, then the reliability of that signal becomes doubtful.

For its signaling system, CIBCR reached a simple com-

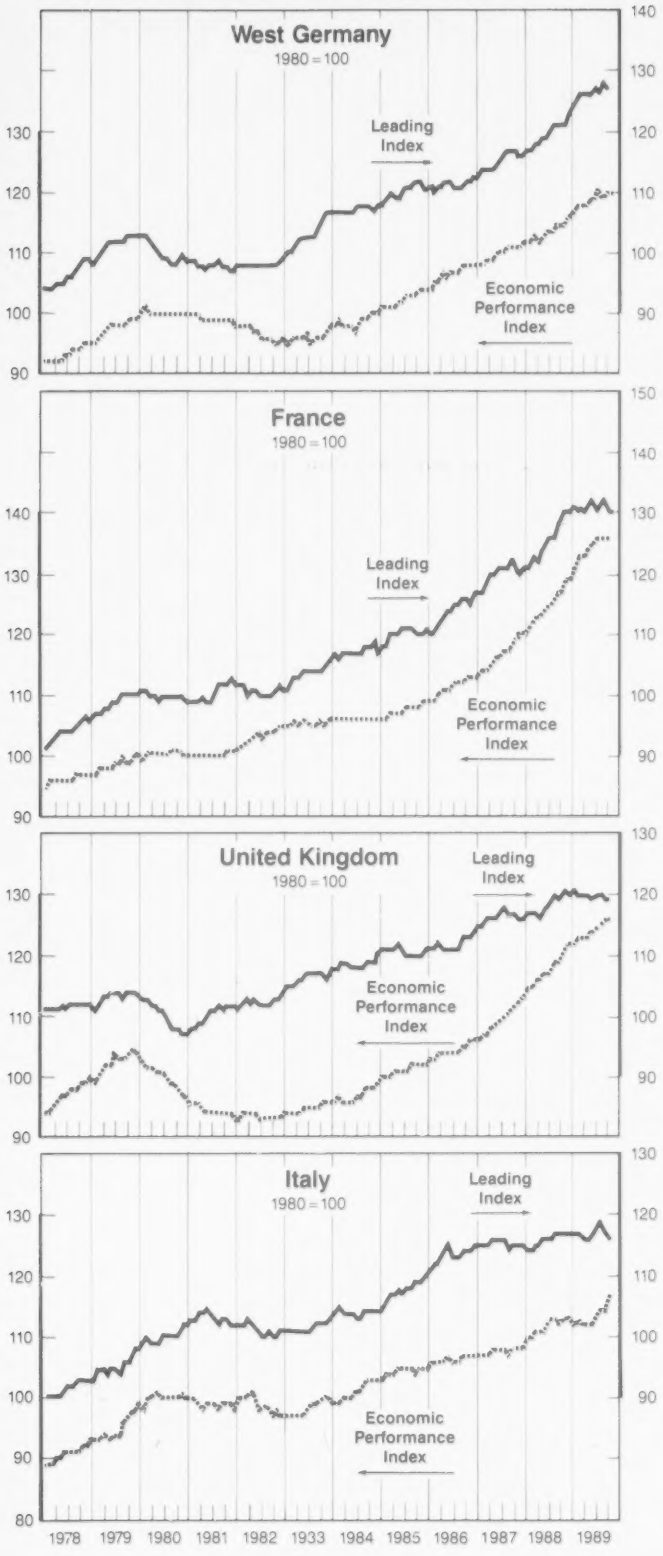
LATEST SIGNALS ON GROWTH AND INFLATION

	Trend rate, 1976-86 (%)	Signals of slowdown		Signals of upturn		Indicated condition of inflation
		Initial	Confirmed	Initial	Confirmed	
United States	3	3/89	9/89	—	—	Slowdown
Canada	3	7/88	7/89	—	—	Slowdown
West Germany	2	—	—	12/86	12/86	Upswing
France	2	7/89	—	—	—	Slowdown
United Kingdom	2	3/89	—	—	—	Slowdown
Italy	2	3/89	3/89	—	—	Slowdown
Japan	4	—	—	10/86	7/87	Upswing
Australia	3	2/89	—	—	—	Slowdown
Taiwan	8	4/89	4/89	—	—	Slowdown
South Korea	7	10/89	11/89	—	—	Slowdown
New Zealand	2	—	—	11/88	—	Upswing
10 Countries excl. U.S.	3	—	—	9/86	9/86	Upswing
11 Countries	3	5/89	—	—	—	Slowdown

Signals are based on the six-month smoothed growth rates (rounded) in the leading and performance indexes. The initial signal of slowdown is the first month that the leading-index growth rate falls below the trend rate by one percentage point or more. The confirming signal of slowdown is the first month that both the leading- and performance-index growth rates fall below the trend rate by one percentage point or more. Analogous definitions apply to the initial and confirming signals of an upswing.

Source: Center for International Business Cycle Research, January 1990

EUROPEAN COUNTRIES



The upward trend of the West German leading indexes has slowed in recent months, but the 3 percent growth rate is better than any of the other major countries of Europe and North America. Outlook: slow growth.

In France, the performance index has flattened following a vigorous advance earlier. The leading index, however, has declined a couple of points, most of which can be traced to weakness in raw-materials prices and order backlogs. We don't expect the economy to do much of anything.

Economic activity in the U.K., as seen in its performance index, continues to work gradually higher. This has been happening despite the fact that the leading index has been flat for some 18 months and is actually down a touch over the course of 1989. Here, too, not much action is likely.

The Italian data are as difficult to read as ever. The performance index has been rising smartly and steadily since midyear. This was true also of the leading index until September, when big drops in working hours and order backlogs reversed the trend. As a result, the October leading index was below its level a year ago, which does not bode well for growth in the economy.

promise on this question: a margin of one percentage point. Thus when the growth rate of the leading index (as an initial signal) and of the performance index (as a confirming or final signal) rises one percentage point above the ten-year trend, this is taken as a signal that the inflation rate will increase. Similarly, when the growth rates of the leading and performance indexes fall one percentage point below the trend rate, which points to a growth slowdown, this is a signal that the inflation rate is going to subside. As with any indicator system, the leads of the initial signal are longer than those of the confirming signal, but also less certain.

The accompanying table shows when the most recent initial and final signals were recorded for each of 11 countries. For the United States the initial signal of a forthcoming decline in the inflation rate appeared in March 1989; this signal was confirmed by the performance index in September. In Canada, both signals pointed to an easing of inflationary pressures as of last July. The overall record shows that five of the eleven countries have recorded both initial and confirming signals of a slowdown. Three other countries have registered initial signals, which have not been confirmed. And the other three (Japan, Germany and New Zealand) had earlier recorded signals of an upturn in the rate of inflation and no other signal has emerged since then. These three countries, in other words, still appear to be on the track headed toward higher inflation.

If one looks at all the countries together (the 11-country composite index), the message is that an early signal of a slowdown in economic growth has been recorded. In the past this has led to a corresponding easing of inflationary pressures (as the chart illustrates). Whether this forecasting signal will be corroborated or whether the trend it points to is reversed quickly, only time can tell. At the moment, the general pattern suggests that inflation is subsiding among the industrial countries, but that pattern is clearly not a unanimous condition around the world.

Inflation Upswings and Slowdowns

Signals of change in direction of inflation are based on the growth rates of leading and performance indexes for 11 major industrial countries (see text). 1989 signal is based on initial signal only.

The Conference Board

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The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board **February 1990**

Summary

Worldwide, the business-cycle outlook is almost identical with last month; indeed, it has changed little for close to two years. In our economic ship of state the engine order telegraph still points to "slow ahead."

Regionally, the monotony is unrelieved: as usual, the leading indexes are signaling sturdy expansion in the Pacific Region, and sluggishness in Europe and North America.

Nationally, the leading indexes show Japan heading the pack with a 9 percent growth rate, followed by Taiwan at 7 percent. Australia is the one country with a seriously sour leading index. In addition, the French index is down moderately, and the United Kingdom and Italy marginally. In each of these last three cases, however, the performance index is still rising smartly.

Interpretation: The biggest puzzle is the weakness of the leaders in Europe. Except for Italy, the indexes are up to date through November or December, which is well after the dramatic events in Eastern Europe began. Most analysts believe that these fundamental changes are favorable for the economic outlook throughout the continent, both near and long term. Thus far, however, no sign of it is to be found in the leading indexes.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	4	5	4	2	3	2	Expansion continuing	Nov.
Ten countries excl. U.S.	3	4	5	5	3	5	3	Expansion continuing	Nov.
North America (2)	3	4	3	2	1	1	1	Expansion continuing, leaders weak	Nov.
Europe (4)	2	5	5	5	4	2	0	Expansion continuing, leaders weak	Nov.
Pacific Region (5)	4	4	6	5	3	10	7	Expansion continuing	Nov.
United States	3	3	2	2	0	0	2	Expansion continuing	Dec.
Canada	3	3	2	1	-1	1	0	Expansion continuing, leaders weak	Nov.
West Germany	2	5	3	4	7	3	2	Expansion continuing	Dec./Nov.
France	2	8	7	6	4	3	-3	Expansion continuing, leaders weak	Nov./Dec.
United Kingdom	2	5	5	5	0	1	-1	Expansion continuing, leaders weak	Dec./Nov.
Italy	2	0	2	5	-1	3	-1	Expansion resuming, leaders weak	Oct./Nov.
Japan	4	4	6	5	3	12	9	Expansion continuing	Nov.
Australia	3	9	10	7	2	-1	-4	Expansion continuing, leaders weak	Nov./Dec.
Taiwan, R.O.C.	8	4	4	3	9	9	7	Expansion continuing	Dec.
Korea, R.O.K.	7	4	7	7	4	6	1	Expansion continuing, leaders weak	Dec.
New Zealand	2	2	2	0	6	4	2	Upturn developing	Aug./Nov.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

The Conference Board
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INDEXES, WORLDWIDE AND BY REGION, 1988-89

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Apr.	88	124	131	126	129	123	133	116	118	140	147
May	88	124	132	126	130	123	133	117	119	140	149
June	88	126	133	127	131	124	135	118	120	142	150
July	88	126	133	127	132	124	134	118	121	142	152
Aug.	88	126	135	128	133	124	136	119	121	143	153
Sept.	88	127	134	129	133	125	135	119	122	144	152
Oct.	88	127	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	134	126	136	120	123	146	153
Dec.	88	129	136	131	135	126	137	121	123	146	156
Jan.	89	129	138	131	137	127	138	121	124	147	159
Feb.	89	130	138	132	137	127	137	122	124	148	160
Mar.	89	131	137	133	137	128	137	122	124	151	159
Apr.	89	130	137	133	137	128	137	123	124	149	159
May	89	131	137	133	136	128	137	123	125	148	157
June	89	131	138	134	138	128	136	124	125	150	160
July	89	132	137	134	138	128	135	124	124	151	162
Aug.	89	132	139	135	140	129	137	125	125	152	166
Sept.	89	132	139	135	140	129	137	125	125	152	165
Oct.	89	132	139	135	139	128	138	125	124	152	165
Nov.	89	133	139	136	139	129	138	126	124	153	166
		Growth Rates, Percent									
Apr.	88	6	4	6	5	6	2	5	2	8	10
May	88	6	4	6	6	5	1	6	3	7	10
June	88	6	5	7	6	5	4	6	4	8	10
July	88	6	4	6	7	5	1	6	4	7	10
Aug.	88	6	6	6	7	5	5	6	5	7	11
Sept.	88	5	5	6	6	4	3	6	5	7	8
Oct.	88	5	5	6	6	5	3	5	5	7	7
Nov.	88	5	5	6	6	4	3	6	5	7	7
Dec.	88	6	6	6	7	5	4	6	5	7	10
Jan.	89	6	7	6	8	5	5	6	6	7	12
Feb.	89	5	6	6	8	5	3	6	5	6	12
Mar.	89	6	5	7	6	4	2	5	5	10	9
Apr.	89	5	4	5	5	4	2	5	4	5	7
May	89	4	2	4	3	4	1	5	4	4	3
June	89	4	3	5	4	3	0	5	3	6	6
July	89	4	2	5	4	2	-2	5	2	6	7
Aug.	89	5	3	5	5	3	1	5	2	6	10
Sept.	89	4	3	4	5	2	1	4	2	5	8
Oct.	89	3	2	4	3	2	1	4	0	4	7
Nov.	89	4	2	5	3	2	1	5	0	5	7
		Ten Year Annual Growth Rate, Percent									
		3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-89

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Apr.	88	122	134	129	125	112	118	123	122	116	116	111	115	138	146	129	126	175	202	200	202	111	112
May	88	122	134	130	125	113	119	124	124	117	117	112	116	138	147	129	127	176	205	199	203	111	112
June	88	123	136	130	125	114	119	125	126	118	118	112	116	140	149	132	128	177	206	202	207	111	112
July	88	124	134	130	124	114	120	126	126	119	119	113	116	140	150	132	128	179	209	201	209	111	112
Aug.	88	124	137	131	125	115	121	127	126	119	120	113	117	140	152	132	129	182	215	206	212	111	113
Sept.	88	124	136	131	125	115	120	128	128	120	119	112	117	141	151	134	129	183	217	206	209	112	113
Oct.	88	125	137	131	124	115	121	128	129	120	120	112	117	142	151	136	128	182	217	208	212	112	114
Nov.	88	125	137	132	124	116	121	130	130	121	120	113	117	143	152	136	129	186	219	208	216	112	115
Dec.	88	126	138	132	125	116	122	130	130	121	120	113	117	144	156	138	128	185	218	209	219	112	115
Jan.	89	126	139	133	125	117	124	131	131	122	121	112	117	144	159	140	128	187	219	211	218	113	115
Feb.	89	127	138	133	124	118	125	132	130	123	120	113	117	145	161	142	128	186	219	212	213	113	116
Mar.	89	127	138	133	125	118	126	133	131	123	120	112	117	149	159	141	129	188	226	213	219	113	116
Apr.	89	127	138	133	125	118	126	133	130	123	120	112	116	146	158	144	128	187	223	211	217	113	116
May	89	127	138	134	124	118	126	134	132	124	120	112	116	146	156	143	130	189	223	211	217	113	117
June	89	128	137	134	125	119	126	135	132	124	119	113	117	147	160	146	130	188	227	213	218	113	117
July	89	128	136	134	125	119	127	136	130	125	120	114	118	148	162	147	128	190	228	216	217	112	116
Aug.	89	128	138	134	125	120	126	136	131	125	120	115	119	149	166	148	130	192	231	220	225	113	118
Sept.	89	128	138	134	126	119	127	136	132	126	119	116	117	149	165	149	128	191	232	219	224		118
Oct.	89	128	139	134	125	120	127	136	130	126	119	116	116	149	166	147	127	192	232	220	217		119
Nov.	89	128	139	134	125	120	127	138	130	127	119		116	150	167	149	126	195	233	220	218		118
Dec.	89	128	139			121			128	128							125	193	235	222	219		
		Growth Rates, Percent																					
Apr.	88	6	2	6	4	3	4	7	3	7	-1	7	0	8	10	6	6	4	12	10	9	-3	-5
May	88	5	1	6	3	4	4	7	4	7	0	6	1	7	10	5	8	4	14	7	9	-3	-4
June	88	6	4	6	3	4	4	7	7	7	1	6	1	8	10	8	8	5	12	8	11	-3	-3
July	88	5	1	5	1	3	5	8	6	7	3	7	1	7	11	8	6	6	13	6	11	-3	-3
Aug.	88	5	5	5	1	5	5	8	6	7	4	5	3	7	11	6	7	8	17	9	13	-3	-1
Sept.	88	4	3	5	1	4	4	8	8	7	3	4	2	7	8	9	6	8	16	7	7	-2	0
Oct.	88	5	3	4	0	3	4	7	9	6	3	3	3	6	7	9	6	6	15	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	9	6	5	3	3	7	7	8	5	10	14	6	10	0	4
Dec.	88	4	5	4	0	5	6	8	7	6	3	3	3	7	11	10	3	8	11	6	11	1	3
Jan.	89	5	5	4	1	5	7	8	8	6	4	1	3	7	14	11	3	9	10	7	9	2	4
Feb.	89	5	4	4	0	6	8	8	6	6	2	1	2	6	14	12	2	6	8	7	3	2	4
Mar.	89	4	2	3	0	5	8	8	6	6	1	0	1	11	9	11	2	7	12	7	8	2	4
Apr.	89	4	2	3	0	5	7	8	4	6	1	0	-1	5	7	13	1	5	7	4	5	2	5
May	89	3	2	3	-1	4	7	8	5	5	0	0	-1	4	3	9	3	7	6	3	4	2	6
June	89	3	0	3	0	5	5	8	4	5	-1	1	1	5	7	13	2	4	9	4	4	2	5
July	89	3	-2	2	1	4	5	7	1	5	0	2	1	5	8	11	-1	5	8	7	2	0	2
Aug.	89	3	1	2	1	5	3	7	1	5	1	3	3	6	12	10	1	6	9	9	8	0	4
Sept.	89	2	0	2	2	3	5	5	3	5	-1	5	-1	4	9	11	-1	4	9	7	6		3
Oct.	89	2	1	1	1	3	3	5	-1	5	-1	5	-3	4	9	6	-2	5	8	7	-1		5
Nov.	89	2	2	1	0	3	2	6	-1	5	-1		-1	5	9	7	-3	7	8	6	0		2
Dec.	89	2	2			4			-3	5							-4	3	7	7	1		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

R4105-6

The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — March 1990

Summary

Worldwide, the business cycle continues to expand, but at its recent sluggish pace.

Regionally, the Pacific Region's numbers look the sturdiest, while North America looks very sluggish. Europe's performance index is moving upward smartly, but its forward-looking index (contrary to most expectations since the reforms in Eastern Europe got underway) provides no encouragement that this vigor will continue.

Nationally, the pattern of recent months is like a quilt of many colors, some glossy, mostly dull. The brightest hues are to be found in Taiwan, Korea, Japan and Germany, where the leading indexes are advancing smartly—at rates of 8%, 7%, 6% and 5%, respectively. The other countries are painted in various shades of dusky gray: New Zealand's leading index is rising at a 3% pace but the Kiwi performance index is not living up to the promise of its leading index. The United States, Canada, and Italy have leading indexes with growth rates of 1%. France's leading index is falling at a 1% rate. The economic picture in the United Kingdom and Australia is the darkest of all, because their leading indexes have been drooping for some time now and at last count are declining at a 2% rate.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	4	4	4	2	3	2	Expansion continuing	Dec.
Ten countries excl. U.S.	3	5	5	5	4	5	3	Expansion continuing	Dec.
North America (2)	3	3	2	2	0	0	0	Expansion continuing, leaders weak	Dec.
Europe (4)	2	5	5	6	3	2	1	Expansion continuing, leaders weak	Dec.
Pacific Region (5)	4	6	5	5	6	8	7	Expansion continuing	Dec.
United States	3	3	2	1	-2	0	1	Expansion continuing, leaders weak	Jan.
Canada	3	3	3	2	0	2	1	Expansion continuing, leaders weak	Dec.
West Germany	2	4	4	5	5	4	5	Expansion continuing	Jan./Dec.
France	2	7	7	6	4	2	-1	Expansion continuing, leaders weak	Dec.
United Kingdom	2	5	5	5	-1	-1	-2	Expansion continuing, leaders weak	Dec.
Italy	2	0	2	5	1	1	1	Expansion resuming, leaders weak	Oct./Dec.
Japan	4	5	4	4	7	9	6	Expansion continuing	Jan.
Australia	3	13	10	5	-1	-2	-2	Expansion continuing, leaders weak	Dec./Jan.
Taiwan, R.O.C.	8	5	5	3	8	7	8	Expansion continuing	Jan.
Korea, R.O.K.	7	7	6	7	2	2	7	Expansion continuing	Jan.
New Zealand	2	2	0	-3	5	4	3	Upturn stalling	Nov./Dec.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

The Conference Board
845 Third Avenue, New York, N.Y. 10022 / (212) 759-0900

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INDEXES, WORLDWIDE AND BY REGION, 1988-89

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Apr.	88	124	131	126	129	123	133	116	119	140	147
May	88	124	132	126	130	123	133	117	119	140	149
June	88	126	133	127	131	124	135	118	120	142	150
July	88	126	133	128	132	124	134	118	121	142	152
Aug.	88	126	135	128	133	124	136	119	121	143	153
Sept.	88	127	134	129	133	125	135	119	121	144	152
Oct.	88	127	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	134	126	136	120	123	146	153
Dec.	88	129	136	131	135	126	137	121	123	146	157
Jan.	89	129	138	131	137	127	138	121	124	147	160
Feb.	89	130	138	132	137	127	137	122	124	148	161
Mar.	89	131	137	133	137	128	137	122	124	151	160
Apr.	89	130	138	133	137	128	137	123	124	149	159
May	89	131	137	133	136	128	137	123	125	149	157
June	89	131	138	134	138	128	136	124	125	150	160
July	89	132	137	134	138	128	135	124	125	151	162
Aug.	89	132	139	135	139	129	137	125	125	152	165
Sept.	89	132	139	136	140	129	137	125	125	152	165
Oct.	89	133	139	136	139	129	137	126	124	152	166
Nov.	89	133	139	137	140	129	137	126	124	154	166
Dec.	89	134	139	137	140	129	137	127	125	154	167

11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead
6	4	6	5	6	2	6	2	8	10
6	4	6	6	5	1	6	3	7	10
6	5	7	6	5	4	6	4	8	10
6	4	6	7	5	1	6	4	7	10
6	6	6	7	5	5	6	5	7	10
5	5	6	6	4	3	6	4	7	8
5	5	6	6	5	3	5	5	7	7
5	5	6	6	4	4	6	5	7	7
6	6	6	7	5	5	6	5	7	11
6	7	6	9	5	5	6	6	7	13
5	6	6	8	5	3	6	5	6	12
6	5	7	6	4	2	5	5	10	9
5	4	5	5	4	2	5	4	5	7
4	3	5	3	4	1	5	4	5	3
4	2	5	4	3	0	5	3	6	6
4	2	5	4	3	-2	5	2	6	6
5	3	6	5	3	0	5	2	6	10
4	3	5	5	2	0	5	2	5	8
4	2	5	3	2	1	5	1	5	7
4	2	5	3	2	1	5	0	5	7
4	2	5	3	2	0	6	1	5	7
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-90

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Apr.	88	122	134	129	125	112	118	123	123	116	116	111	115	138	146	129	126	175	202	201	202	111	112
May	88	122	134	130	124	113	119	124	124	117	117	112	116	138	148	129	127	176	206	200	203	111	112
June	88	123	136	130	125	114	119	125	126	118	118	112	116	140	149	132	128	178	206	203	207	111	112
July	88	124	134	130	124	114	120	126	126	119	119	113	116	140	150	132	128	179	209	202	209	111	112
Aug.	88	124	137	131	125	115	121	127	126	119	120	113	117	140	152	132	129	181	215	206	212	111	113
Sept.	88	124	136	131	125	115	120	128	127	120	119	112	117	141	151	134	129	183	217	206	209	112	113
Oct.	88	125	137	131	124	115	121	128	129	120	120	112	117	142	151	136	128	182	217	208	212	112	114
Nov.	88	125	137	132	124	116	121	130	130	121	120	113	117	143	152	136	129	185	219	209	216	112	115
Dec.	88	126	138	132	125	116	122	130	130	121	120	113	117	144	156	138	128	185	217	210	219	112	115
Jan.	89	126	139	133	125	117	124	131	131	122	122	112	117	144	160	140	128	187	219	212	218	113	115
Feb.	89	127	138	133	124	118	125	132	130	123	120	113	117	145	161	142	128	186	220	212	213	113	115
Mar.	89	127	138	133	125	118	126	133	131	123	120	112	117	149	160	142	129	188	225	214	219	113	116
Apr.	89	127	138	134	125	118	126	133	131	123	120	112	116	146	159	145	128	187	223	211	217	113	116
May	89	127	138	134	125	118	126	134	132	124	119	112	116	146	156	143	130	190	224	211	217	113	117
June	89	128	137	134	125	119	126	135	132	124	119	113	117	147	160	146	130	189	228	214	218	113	117
July	89	128	136	134	126	119	127	136	131	125	120	114	118	148	162	147	128	190	228	217	217	112	117
Aug.	89	128	138	135	126	120	126	136	131	125	120	115	119	149	165	148	130	191	231	220	225	112	118
Sept.	89	128	138	135	126	120	127	137	132	126	120	116	118	149	165	149	128	190	232	220	224	112	118
Oct.	89	128	138	135	126	120	127	138	131	126	119	116	117	149	166	147	127	192	232	220	220	111	120
Nov.	89	128	138	135	125	121	126	139	131	127	119		118	150	167	149	126	194	234	220	221	111	119
Dec.	89	128	138	135	126	122	129	138	130	128	119		118	151	168	148	125	193	234	222	222		119
Jan.	90	128	138			122								151	168		127	193	236	224	227		
		Growth Rates, Percent																					
Apr.	88	6	2	6	4	3	4	7	3	7	0	7	0	8	10	6	6	4	13	10	9	-4	-5
May	88	5	1	6	3	4	4	7	4	7	0	6	1	7	11	5	8	4	14	7	9	-4	-4
June	88	6	4	6	3	4	4	7	7	7	2	6	1	8	10	8	8	5	12	8	11	-3	-3
July	88	5	1	5	1	3	5	8	7	7	3	7	1	7	11	8	6	6	13	6	11	-3	-3
Aug.	88	5	5	5	1	5	5	8	6	7	4	5	3	7	11	6	7	7	17	8	13	-3	-1
Sept.	88	4	3	5	1	4	4	8	7	7	3	4	2	7	8	9	6	8	16	7	7	-2	0
Oct.	88	5	3	4	0	3	4	7	8	6	3	3	3	6	7	9	3	6	15	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	8	6	5	3	3	7	7	8	5	9	14	6	10	0	4
Dec.	88	4	5	4	0	5	6	8	8	6	3	3	3	7	12	10	3	8	10	6	11	1	3
Jan.	89	5	5	4	1	5	7	8	8	6	5	1	3	7	14	12	3	9	10	7	9	2	3
Feb.	89	5	4	4	0	6	8	8	6	6	2	1	2	6	14	13	2	6	8	7	3	2	4
Mar.	89	4	2	3	0	5	8	8	6	6	2	0	1	11	10	11	2	7	11	7	8	2	4
Apr.	89	4	2	3	0	5	7	8	5	6	1	0	-1	5	7	14	1	5	8	4	5	2	5
May	89	3	2	3	0	4	7	8	5	5	0	0	-1	4	3	9	3	7	7	3	4	2	6
June	89	3	0	3	0	5	5	7	4	5	-1	1	1	5	7	13	2	5	9	4	4	2	5
July	89	3	-2	3	1	4	5	7	2	5	0	2	1	5	7	11	-1	5	8	7	2	0	3
Aug.	89	3	0	3	1	5	3	7	1	5	0	3	3	6	11	10	1	5	9	9	8	0	4
Sept.	89	2	0	3	2	3	4	7	2	5	-1	5	1	5	9	10	-1	4	9	7	6	-2	4
Oct.	89	2	0	2	1	4	3	6	0	5	-1	5	0	4	9	6	-2	5	7	6	2	-2	6
Nov.	89	2	1	2	0	4	2	7	0	5	-1		1	5	9	7	-3	6	8	5	2	-3	4
Dec.	89	2	0	2	1	4	5	6	-1	5	-2		1	5	8	5	-5	4	7	6	3		3
Jan.	90	1	1			5								4	6		-2	3	8	7	7		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

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The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — April 1990

Summary

Worldwide, the business cycle is lethargic—still expanding, yes, but without any spirit.

Regionally, the pattern that has become customary in recent years—a distinctly more encouraging outlook in the Pacific than elsewhere—still prevails at present.

Nationally, there is considerable diversity. Japan, Germany, Taiwan and Korea are way out front with favorable prospects for continued business-cycle expansion. At the other end of the scale is Australia, where the decline in the leading index strongly suggests recession or the next thing to it. The French and British leading indexes are also a bit weak, but not as decisively as in Australia. The U.S. and Canadian economies are directionless—as though the business cycle left on vacation.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*				
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
	annual rates, percent								
Eleven countries	3	4	4	3	1	2	2	Expansion continuing	Jan.
Ten countries excl. U.S.	3	6	6	5	4	3	2	Expansion continuing	Jan.
North America (2)	3	3	2	1	-2	1	1	Expansion continuing, leaders weak	Jan.
Europe (4)	2	5	5	4	2	1	0	Expansion continuing, leaders weak	Jan.
Pacific Region (5)	4	7	6	6	6	7	5	Expansion continuing	Jan.
United States	3	3	2	1	0	1	-1	Expansion continuing, leaders weak	Feb.
Canada	3	3	2	1	1	1	0	Expansion continuing, leaders weak	Jan.
West Germany	2	6	5	5	6	4	6	Expansion continuing	Feb./Jan.
France	2	7	7	6	0	-1	-3	Expansion continuing, leaders weak	Jan./Feb.
United Kingdom	2	5	6	5	-1	-3	-2	Expansion continuing, leaders weak	Jan.
Italy	2	0	2	5	1	2	1	Expansion resuming, leaders weak	Oct./Dec.
Japan	4	7	6	6	11	8	6	Expansion continuing	Jan./Feb.
Australia	3	12	8	4	2	-4	-6	Expansion continuing, leaders weak	Jan./Feb.
Taiwan, R.O.C.	8	5	6	11	9	8	13	Expansion continuing, leaders strong	Feb.
Korea, R.O.K.	7	8	6	12	8	1	6	Expansion continuing	Feb.
New Zealand	2	2	0	-3	3	5	3	Upturn stalling	Nov./Jan.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1988-90

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Apr.	88	124	131	126	129	123	133	116	119	140	147
May	88	125	132	126	130	123	133	117	120	140	149
June	88	126	133	127	131	124	135	118	120	142	150
July	88	126	133	127	132	124	134	118	121	142	151
Aug.	88	126	135	128	133	124	136	119	122	143	153
Sept.	88	127	134	129	133	125	135	119	121	144	152
Oct.	88	127	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	134	126	136	120	122	146	153
Dec.	88	129	136	131	135	126	137	121	123	146	157
Jan.	89	129	138	132	137	127	138	122	124	148	160
Feb.	89	130	138	132	137	127	137	122	124	148	161
Mar.	89	131	137	134	137	128	137	122	124	152	160
Apr.	89	131	137	133	137	128	137	123	124	149	159
May	89	131	137	133	136	128	137	123	125	150	157
June	89	132	137	134	137	128	136	124	124	152	160
July	89	132	137	135	138	128	135	124	124	152	162
Aug.	89	133	138	136	139	129	137	125	124	154	165
Sept.	89	133	139	136	139	129	137	126	125	154	165
Oct.	89	133	139	137	139	129	137	126	124	154	165
Nov.	89	134	139	138	139	129	137	127	124	156	166
Dec.	89	134	139	138	140	129	137	128	124	156	166
Jan.	90	134	139	138	140	128	138	127	124	157	166

	11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
	Growth Rates, Percent									
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
	6	4	6	5	6	2	6	2	8	10
	6	4	6	6	5	1	6	3	7	10
	6	5	7	6	6	4	6	4	8	10
	6	5	6	7	5	1	6	5	7	10
	6	6	6	7	4	5	6	5	5	10
	5	5	6	6	4	3	6	4	6	8
	5	5	6	5	5	3	5	5	7	7
	5	5	6	5	4	4	6	5	8	7
	6	6	6	7	4	5	6	4	7	10
	6	7	6	8	5	5	6	6	8	13
	6	6	6	8	5	3	6	5	7	13
	6	5	8	6	4	2	6	5	11	9
	5	4	6	5	4	2	5	4	6	7
	4	2	5	3	4	1	5	4	6	3
	5	2	6	4	3	0	5	3	7	6
	4	1	6	4	3	-2	5	2	7	6
	5	3	6	5	3	0	6	1	8	10
	4	3	6	4	3	0	5	2	7	8
	4	2	6	3	2	1	5	1	6	7
	4	2	6	3	2	1	6	1	7	6
	4	2	6	3	2	0	6	0	7	6
	3	2	5	2	1	1	4	0	6	5
	Ten Year Annual Growth Rate, Percent									
	3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-90

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Apr.	88	122	134	129	125	113	118	123	123	116	117	111	115	138	146	128	125	175	202	201	202	111	112
May	88	122	134	130	124	113	119	124	125	117	117	112	116	138	148	130	126	176	206	200	203	111	112
June	88	123	136	130	125	114	119	125	127	118	118	112	116	139	149	132	127	178	206	203	207	111	112
July	88	124	134	130	124	114	120	126	128	119	119	113	116	140	150	133	127	179	209	202	209	111	112
Aug.	88	124	137	131	125	115	121	127	128	119	119	113	117	140	152	132	128	181	215	206	212	111	113
Sept.	88	124	136	131	125	115	120	128	128	120	119	112	117	141	151	135	128	183	217	206	209	112	113
Oct.	88	125	137	131	124	115	121	128	128	120	119	112	117	142	151	136	127	182	217	208	212	112	114
Nov.	88	125	137	132	124	116	121	129	129	121	120	113	117	143	152	136	128	185	219	209	216	112	115
Dec.	88	126	138	132	125	116	123	130	129	122	119	113	117	144	156	138	127	185	217	210	218	112	115
Jan.	89	126	139	133	125	118	124	131	130	122	121	112	117	145	160	140	128	187	219	213	218	113	115
Feb.	89	127	138	133	124	118	126	132	130	123	120	113	116	145	162	142	127	186	220	214	213	113	115
Mar.	89	127	138	133	125	118	126	133	131	123	120	112	116	149	160	142	129	188	225	214	220	113	116
Apr.	89	127	138	134	125	119	127	133	131	124	120	112	115	146	159	145	128	187	223	212	217	113	116
May	89	127	138	134	125	119	127	134	132	124	119	112	116	147	156	144	130	190	224	211	217	113	117
June	89	128	137	134	125	120	127	135	131	124	119	113	117	149	160	147	130	189	228	213	218	113	117
July	89	128	136	134	126	120	127	136	130	125	119	114	117	149	162	148	128	190	229	216	217	112	116
Aug.	89	128	138	135	126	121	126	136	130	126	119	115	118	151	165	148	130	191	231	220	225	112	118
Sept.	89	128	138	135	126	120	128	137	131	126	118	116	118	151	165	150	128	190	232	220	224	112	118
Oct.	89	128	138	135	126	121	128	138	130	127	117	116	118	152	166	149	127	192	232	221	220	111	119
Nov.	89	128	138	135	125	122	128	139	130	128	117		119	153	167	150	126	194	234	222	220	111	118
Dec.	89	128	138	135	127	122	130	139	128	128	116		118	154	168	150	125	193	234	224	221		118
Jan.	90	128	139	135	126	123	131	140	128	128	118			154	167	150	126	197	236	226	226		119
Feb.	90	128	138			123			128						168		124	201	245	232	227		
		Growth Rates, Percent																					
Apr.	88	6	2	6	4	3	4	7	4	7	0	7	0	8	10	5	6	4	13	10	9	-4	-5
May	88	5	1	6	3	4	4	7	6	7	0	6	1	7	11	6	7	4	14	7	9	-4	-4
June	88	5	4	6	3	4	4	7	8	7	2	6	1	8	10	8	7	5	12	8	11	-3	-3
July	88	5	1	5	1	3	5	8	9	7	3	7	1	7	10	8	7	6	13	6	11	-3	-3
Aug.	88	4	5	5	1	5	5	8	8	7	4	5	3	7	11	6	8	7	17	9	13	-3	-1
Sept.	88	4	3	5	1	4	4	8	7	7	3	4	2	7	8	9	6	8	16	7	7	-2	0
Oct.	88	5	3	4	0	3	4	7	7	7	3	3	3	6	7	10	3	6	14	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	6	7	4	3	3	7	7	9	5	9	14	6	10	0	4
Dec.	88	5	5	4	0	5	6	8	6	6	2	3	2	7	11	10	3	8	10	7	11	1	3
Jan.	89	5	5	4	1	6	8	8	7	6	5	1	2	7	14	11	3	9	10	8	9	2	3
Feb.	89	5	4	4	0	6	8	8	5	6	2	1	0	6	15	12	2	6	8	8	3	2	4
Mar.	89	4	2	3	0	6	9	8	5	6	2	0	0	11	10	10	3	7	11	8	8	2	4
Apr.	89	4	2	3	0	6	8	8	4	6	1	0	-2	6	7	13	2	5	8	4	5	2	5
May	89	3	2	3	0	5	7	8	5	5	0	0	-1	5	3	10	4	7	7	3	4	2	6
June	89	3	0	3	0	5	6	7	3	5	-1	1	1	7	6	13	3	5	9	4	4	2	5
July	89	3	-2	3	1	4	6	7	0	5	-1	2	1	7	7	12	0	5	8	6	2	0	3
Aug.	89	3	0	3	1	6	4	7	0	5	-1	3	3	7	11	11	2	5	9	8	8	0	4
Sept.	89	2	0	3	2	4	5	7	2	5	-2	5	2	6	9	11	0	4	9	7	6	-1	3
Oct.	89	2	1	2	1	4	4	7	0	6	-3	5	2	6	8	8	-2	5	7	7	2	-2	5
Nov.	89	2	1	2	0	5	3	8	-1	5	-4		3	7	8	7	-4	6	8	6	1	-3	3
Dec.	89	2	0	2	2	5	6	6	-3	5	-4		1	7	7	7	-5	4	7	7	2		2
Jan.	90	0	1	1	0	5	6	6	-3	5	-2			6	6	4	-4	7	7	9	6		3
Feb.	90	1	-1			5									6		-6	11	13	12	6		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

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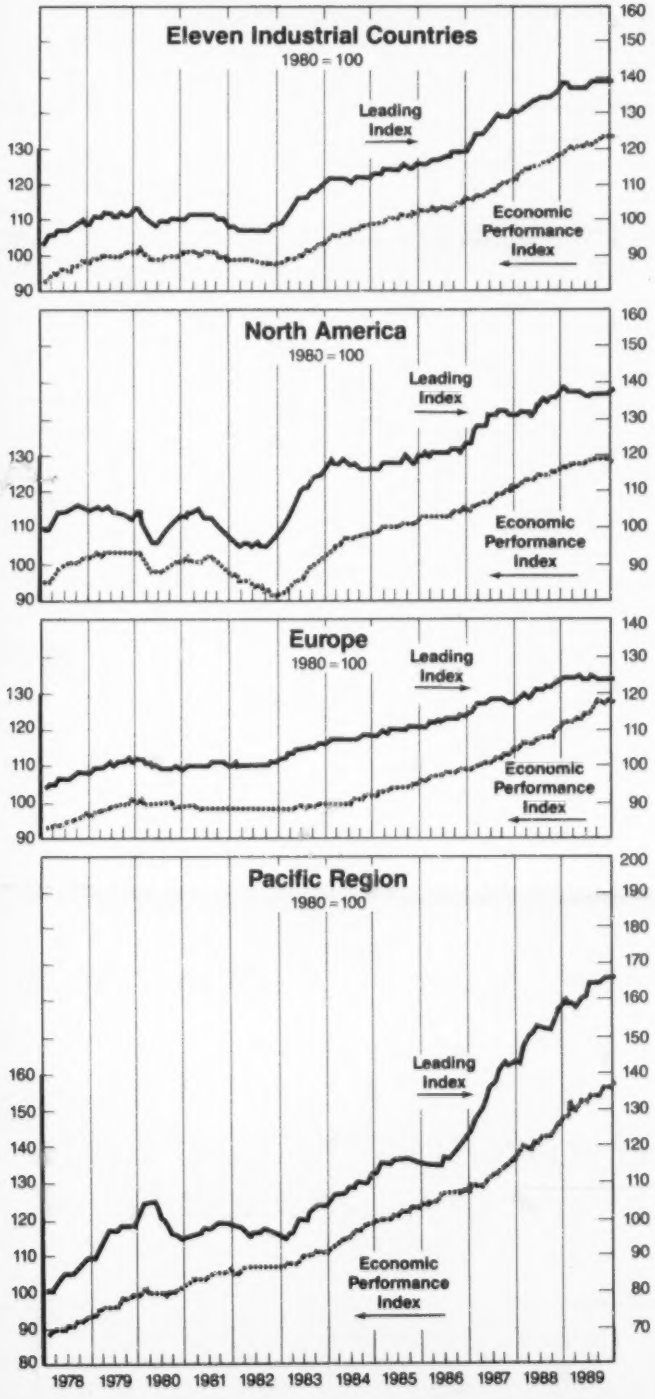
The Conference Board

Economics Program

International Economic Scoreboard

A Quarterly Report from The Conference Board **Second Quarter 1990**

WORLD BUSINESS CYCLE



The global business cycle continues to record slow expansion. The 11-country performance index is advancing at its trend rate, 3 percent, and the leading composite one percentage point slower. On a worldwide basis, it leaves a very humdrum outlook.

The regional pattern that has become almost customary in recent years—a distinctly more encouraging picture in the Pacific Region than elsewhere—prevails again at present. But the important story is the diversity from country to country.

In four countries—Japan, Germany, Taiwan and Korea—continued vigor in the business-cycle expansion seems assured. At the other end of the scale, the Australian data are quite recession-like. In between, the business cycle seems to have disappeared from the United States and Canada; those economies are without direction. In France and the United Kingdom, the performance indexes are growing smartly but weakness in the leading indexes says this won't continue. Italy's numbers are similar to France's and Britian's, except that Italy's leading index is still marginally on the plus side. Finally, the data for New Zealand are too muddled to permit a conclusion.

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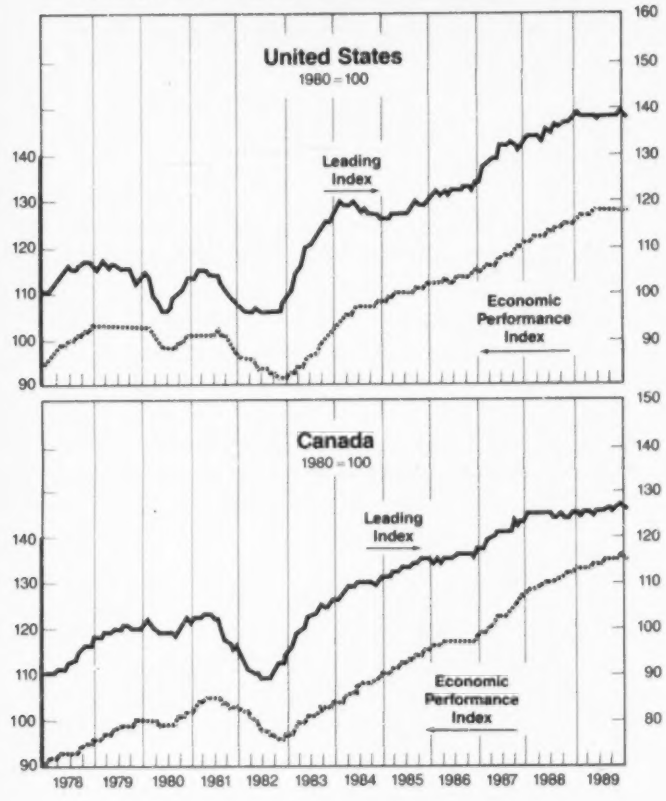
NORTH AMERICAN COUNTRIES



The U.S. Economy is directionless. Both the leading and performance indexes have been essentially unchanged for many months. It's as though the business cycle went on vacation. As long as the economy absorbs all the new entrants to the labor force, keeping unemployment reasonably low, and as long as the inflation rate holds fairly stable—both of which have happened—there's really not a whole lot to complain about. The business cycle will be back one of these months, but at the moment the signals of either boom or bust are conspicuous by their absence, so the outlook is for more of the same.

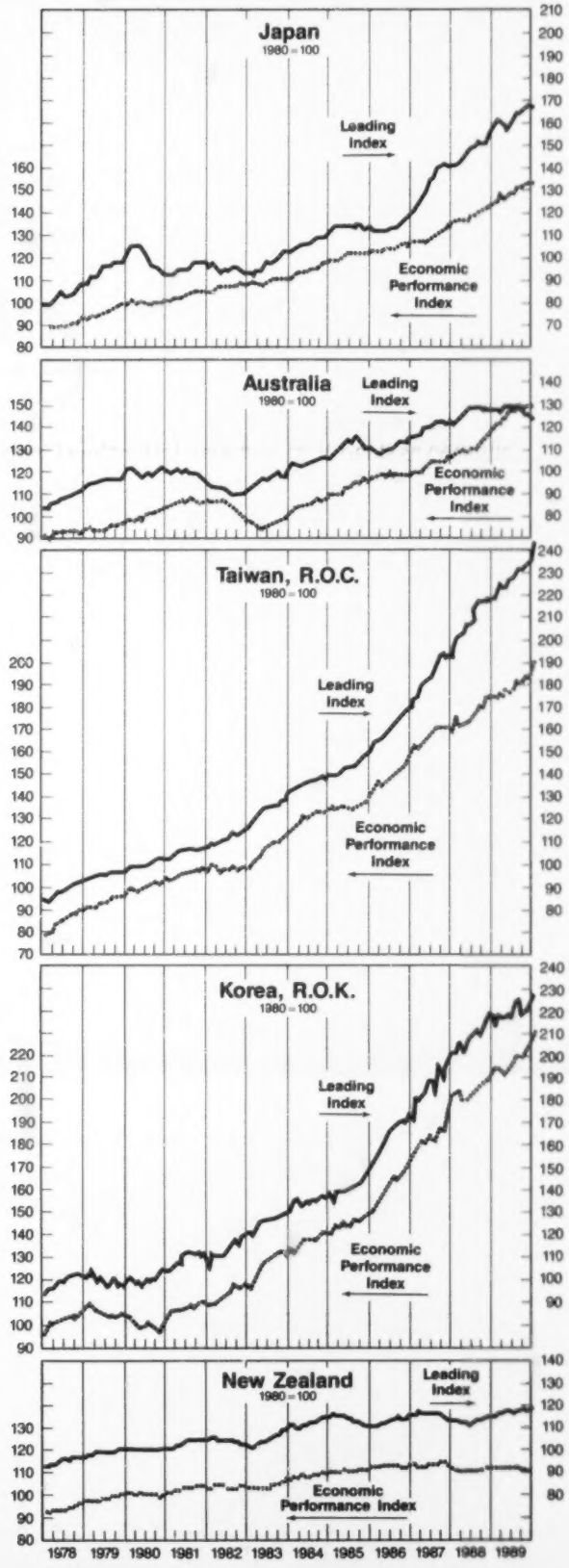
The Canadian indexes—as they are sometimes wont to do—show almost the same pattern as the United States—dull, dull, dull. Here, too, no sign of a breakout in either direction.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
		6 mos. ago	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	1976-86	*annual rates, percent*							
Eleven countries	3	4	4	3	1	2	2	Expansion continuing	Jan.
Ten countries excl. U.S.	3	6	6	5	4	3	2	Expansion continuing	Jan.
North America (2)	3	3	2	1	-2	1	1	Expansion continuing, leaders weak	Jan.
Europe (4)	2	5	5	4	2	1	0	Expansion continuing, leaders weak	Jan.
Pacific Region (5)	4	7	6	6	6	7	5	Expansion continuing	Jan.
United States	3	3	2	1	0	1	-1	Expansion continuing, leaders weak	Feb.
Canada	3	3	2	1	1	1	0	Expansion continuing, leaders weak	Jan.
West Germany	2	6	5	5	6	4	6	Expansion continuing	Feb./Jan.
France	2	7	7	6	0	-1	-3	Expansion continuing, leaders weak	Jan./Feb.
United Kingdom	2	5	6	5	-1	-3	-2	Expansion continuing, leaders weak	Jan.
Italy	2	0	2	5	1	2	1	Expansion resuming, leaders weak	Oct./Dec.
Japan	4	7	6	6	11	8	6	Expansion continuing	Jan./Feb.
Australia	3	12	8	4	2	-4	-6	Expansion continuing, leaders weak	Jan./Feb.
Taiwan, R.O.C.	8	5	6	11	9	8	13	Expansion continuing, leaders strong	Feb.
Korea, R.O.K.	7	8	6	12	8	1	6	Expansion continuing	Feb.
New Zealand	2	2	0	-3	3	5	3	Upturn stalling	Nov./Jan.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

PACIFIC REGION COUNTRIES



The Japanese economy is doing just fine, with the economic performance index climbing at a 6 percent pace. At last report (data through Febuary) the leading index is also showing a 6 percent growth rate, although the March plunge in both stock and bond prices has cast serious doubt on the optimistic outlook that the leaders might otherwise be signaling.

The Australian leading index dropped sharply in February, extending and intensifying the downturn that started last June. Although the performance index does not show any serious weakness—it dipped half a percent in January after reaching another record high in December—the 5-percent, 9-month drop in the leading index is strong evidence that the Australian economy is in or on the brink of a recession or the next thing to it.

In Taiwan, both the leading and performance indexes surged higher in February, testifying that the long, vigorous business expansion in that country still has plenty of life to it.

The Korean picture is much like the Taiwanese. The Korean performance index, with its 12 percent growth rate, is in fact advancing one notch faster. But the Korean leading index, although still pointing to further healthy expansion, is climbing at half that rate, 6 percent.

The data for New Zealand are muddled and perplexing. Six months ago the pattern seemed clear, a mild recession in 1988 had given way to a mild recovery in 1989. But after mid-1989, the Kiwi performance index declined and the leading index leveled off. At the moment, therefore, the direction of the economy is not at all clear.

EAST EUROPEAN EXPORT ENVIRONMENT SUGGESTS MODEST GROWTH

Historic changes rocked Eastern Europe in 1989. Communist governments that had ruled for close to forty-five years were toppled. The new governments are now developing plans to restructure these economies with greater stress on the use of free markets. The transformation towards a market system will doubtless provide greater prosperity to this area over the long run. During the period of transition, however, there will inevitably be setbacks. At present, it is not at all clear how a socialist economy is to be converted into a market-oriented system.

All of these economies would like to improve the quality of their exports and bring more of their commodities up to world-class standards. The discipline imposed by free markets will assist them in this task. In this issue of the *Scoreboard,* we provide information about how well these countries were competing in world markets in the 1980s, and what the outlook is for 1990.

Trade statistics compiled by the United Nations for Poland, East Germany, Czechoslovakia, and Hungary (taken together) show that over the eight years from 1980 to 1988 there was a 37 percent increase in the dollar value of their exports to the developed market economies—a growth rate of 4.4 percent per year. The East Germans had the fastest growth, close to 9 percent per year while Hungary, Czechoslovakia, and Poland recorded annual growth rates of 4 percent, 2 percent, and 0.5 percent respectively.

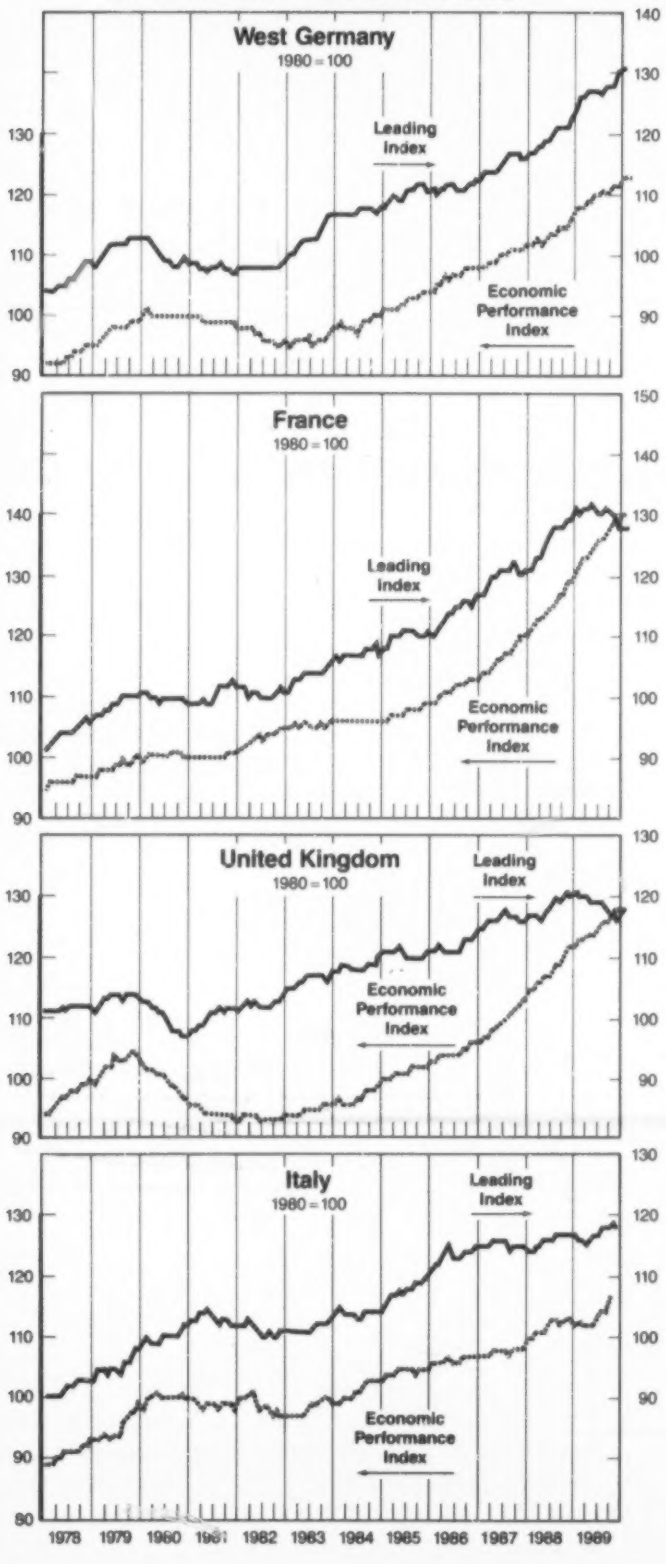
Although the transformation of their domestic economies will affect the ability of these once-socialist economies to compete in export markets, it is also clear that their sales in world markets will depend on economic conditions elsewhere. If business conditions are good in the developed world, prospects for growth of exports from those Eastern European economies should improve.

The leading indexes published in the *Scoreboard* provide advance information about prospective growth in output and income in eleven important industrialized economies, including the seven largest. Consequently, the eleven-country leading composite index can be used to forecast the exports from Eastern Europe to these eleven economies.

The accompanying chart shows the year-to-year percent changes in the total dollar value of exports from East Germany, Poland, Czechoslovakia, and Hungary (taken together) to the developed market economies, plus the corresponding forecasts based on the 11-country leading index. We find that the growth rate in the leading index for July preceding the forecast year (i.e., a lead of 6 months) accounts for about 41 percent of the variation in the actual growth rates of East European exports. This is not a close correlation, but it is enough to provide useful information about the direction of East European exports. Applying this relationship for the year 1990 yields a forecast of a modest 3 percent increase in the exports from the four countries to the developed market economies.

Obviously, these results do not take account of the changes that are beginning to take place in the East European countries. Over time, those changes are likely to result in larger trade flows to and from the Western world. What the present relationship gives us—based as it is on the record of the 1980s—is a picture of the economic setting in which these four countries find themselves at the moment. On this basis, prospects are for slow growth in exports. Perhaps the economic restructuring now taking place in the region will add to the prospects for growth in exports.

EUROPEAN COUNTRIES



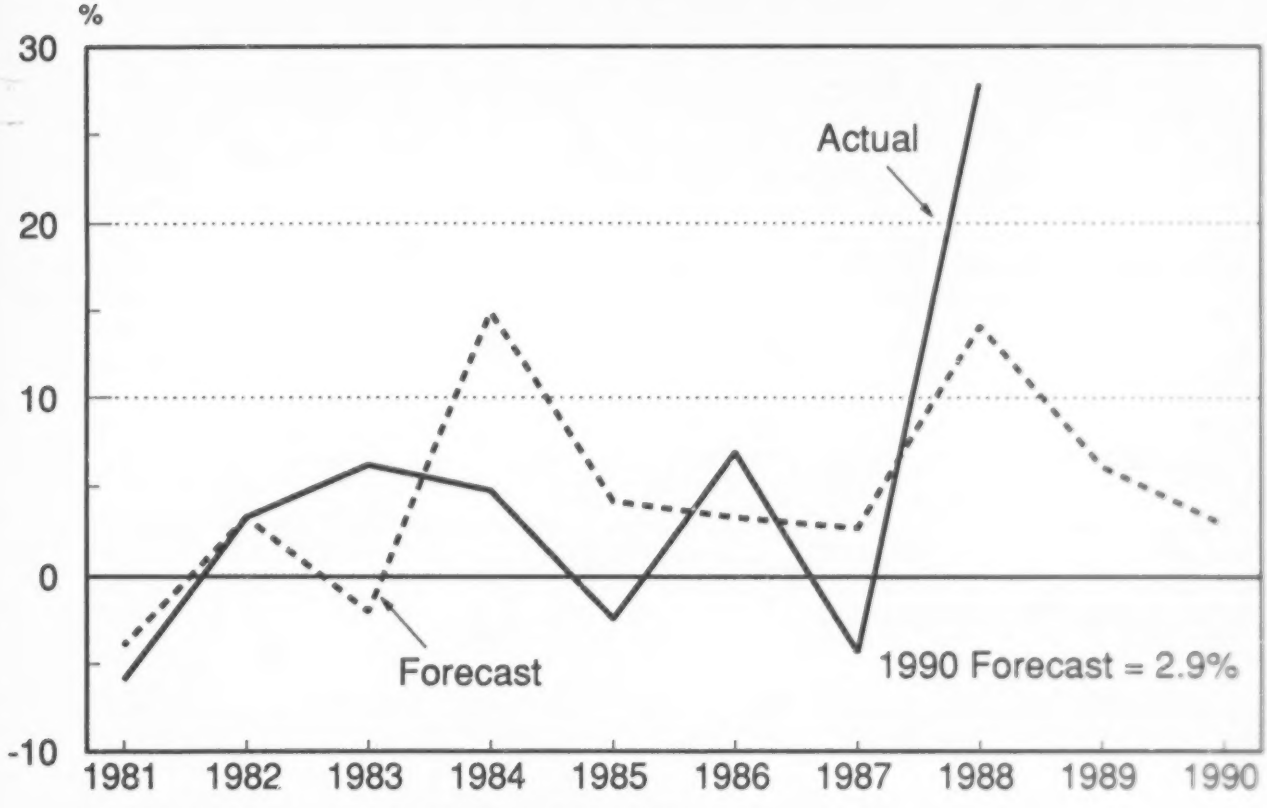
The West German leading index, which advanced steadily all last year, picked up even more steam in December and January. These continued gains are consistent with the favorable expectations touched off by the dramatic reform in Eastern Europe, especially East Germany, and they signal further strength in the German business cycle in the months ahead.

For the past three years, the French economy has climbed as steadily as and even faster than Germany. But the French early warning signs are now saying *watch out, the good times may not roll on much longer.* The leading index for France leveled off from May to September of 1989, and subsequently it has declined at a 3 percent rate.

The U.K. story is much like the French. Economic activity has continued to rise smartly, but the slow decline in the leading index, which has been going on for a full year now, says that the economy may be headed for a turn for the worse.

As usual, the data for Italy are delayed, adding to the usual uncertainty about the outlook. At last report the economic performance index is rising smartly and the leading index is bouncing around with the general direction pointed to slow growth.

GROWTH IN EXPORTS FROM FOUR EASTERN EUROPEAN COUNTRIES TO DEVELOPED MARKET ECONOMIES



Forecasts based on 11-country leading index for preceding July

Source: Center for International Business Cycle Research, Columbia University Business School

The Conference Board

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The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board **May 1990**

GROWTH, INERTIA AND RECESSION

Summary

Worldwide, economic activity in the major industrial countries continues to expand steadily—on average. The growth rate of the 11-country *performance* index has been a solid 4 percent for half a year now. But the 11-country *leading* index has leveled off, suggesting slower growth in the months ahead.

Regionally, the growth rate of the Pacific Region's leading index is still nicely positive (5 percent), while North America's is at -1 percent and Europe's is at zero. But if we look at the leading indexes for only the latest 3 months, each of the major regions is showing an essentially flat pattern—no growth, no recession.

Nationally, the business-cycle outlook shows greater variability than in a long time. Australia looks more and more recession-like. The UK leading index is pointing in that direction also, but not decisively. On the positive side, Germany, Korea and Taiwan show continued strong growth prospects. The leading indexes of the remaining half-dozen countries—the U.S., Japan, France, Italy, Canada and New Zealand—are pretty much directionless.

The biggest change that took place from last month's data was in Japan's leading index, where a dramatic drop in common stock prices was the primary factor that took the leading index growth rate down from 5 percent to zero, transforming a previously favorable outlook into a serious question mark.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	1976-86	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
Eleven countries	3	5	4	4	3	2	1	Expansion continuing, leaders weak	Feb.
Ten countries excl. U.S.	3	6	6	5	5	3	2	Expansion continuing	Feb.
North America (2)	3	3	2	2	0	1	-1	Expansion continuing, leaders weak	Feb.
Europe (4)	2	5	6	6	1	1	0	Expansion continuing, leaders weak	Feb.
Pacific Region (5)	4	8	7	5	10	6	5	Expansion continuing	Feb.
United States	3	2	2	2	0	0	0	Expansion continuing, leaders weak	Mar.
Canada	3	3	2	1	1	0	1	Expansion continuing, leaders weak	Feb.
West Germany	2	4	5	6	4	4	5	Expansion continuing	Mar./Feb.
France	2	7	8	5	2	-3	-1	Expansion continuing, leaders weak	Feb./Mar.
United Kingdom	2	5	5	5	-1	-4	-3	Expansion continuing, leaders weak	Feb.
Italy	2	1	5	6	1	2	2	Expansion resuming	Jan./Dec.
Japan	4	7	7	5	9	7	0	Expansion continuing, leaders weak	Feb./Mar.
Australia	3	11	7	2	1	-4	-6	Expansion continuing, leaders weak	Feb./Mar.
Taiwan, R.O.C.	8	4	4	0	9	7	8	Expansion continuing	Mar.
Korea, R.O.K.	7	7	7	13	6	1	5	Expansion continuing	Mar.
New Zealand	2	2	0	-3	4	3	1	Upturn stalling, leaders weak	Nov./Feb.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

The Conference Board
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INDEXES, WORLDWIDE AND BY REGION, 1988-89

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	88	126	133	128	132	124	134	118	121	142	151
Aug.	88	126	135	128	133	125	136	119	122	143	153
Sept.	88	127	134	129	133	125	135	119	121	144	152
Oct.	88	128	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	134	126	136	120	122	146	153
Dec.	88	129	136	131	135	127	137	121	123	146	157
Jan.	89	130	138	132	137	127	138	121	124	148	160
Feb.	89	130	138	132	137	128	137	122	124	148	161
Mar.	89	131	138	134	137	128	137	122	124	152	160
Apr.	89	131	137	133	137	128	137	123	124	149	159
May	89	131	137	133	136	128	137	123	125	150	157
June	89	132	137	134	137	128	136	124	124	152	160
July	89	132	137	135	138	128	135	124	124	152	162
Aug.	89	133	139	136	139	129	137	125	124	154	165
Sept.	89	133	139	136	139	129	137	125	125	154	165
Oct.	89	133	139	137	139	129	137	126	124	154	165
Nov.	89	134	139	138	139	129	137	127	124	156	166
Dec.	89	134	139	138	140	129	137	127	124	156	167
Jan.	90	134	139	139	140	129	137	128	125	157	167
Feb.	90	135	138	139	140	130	136	128	124	157	167

11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
6	5	6	7	5	1	6	5	7	10
6	6	6	7	4	5	6	5	7	11
5	5	6	6	4	3	6	4	7	8
5	5	6	5	5	3	5	5	7	7
5	5	6	5	4	4	6	5	7	7
6	6	6	7	4	5	6	5	7	10
6	7	6	8	4	5	6	6	8	13
6	6	6	8	4	3	6	5	7	13
6	5	8	6	4	2	6	5	11	10
5	4	6	5	4	2	5	4	6	7
4	3	5	3	3	1	5	4	6	3
5	2	6	4	3	0	5	3	7	6
4	2	6	4	2	-2	5	2	7	6
5	3	6	5	3	0	5	1	8	10
4	3	6	5	2	0	5	2	7	8
4	2	5	3	2	1	5	1	6	7
4	2	6	3	2	1	6	1	7	6
4	2	6	3	2	0	6	0	7	6
4	2	5	3	1	0	6	1	6	5
4	1	5	2	2	-1	6	0	5	5
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-90

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	88	124	134	130	124	114	120	126	128	119	119	113	116	140	150	133	128	179	209	202	210	111	112
Aug.	88	124	137	131	125	115	121	127	128	119	119	113	117	140	152	132	129	181	215	206	212	111	113
Sept.	88	124	136	131	125	115	120	128	128	120	119	112	117	141	151	135	129	183	217	206	209	112	113
Oct.	88	125	137	131	124	115	121	128	128	120	119	112	117	142	151	136	128	182	217	208	212	112	114
Nov.	88	125	137	132	124	116	121	129	129	121	120	113	117	143	152	136	129	185	219	209	215	112	115
Dec.	88	126	138	132	125	116	123	130	129	122	120	113	117	144	156	138	128	185	217	210	218	112	115
Jan.	89	126	139	133	125	118	124	131	130	122	121	112	117	145	160	140	130	187	219	213	218	113	115
Feb.	89	127	138	133	125	118	125	132	130	123	120	113	116	145	162	142	130	186	220	214	214	113	115
Mar.	89	127	138	133	125	118	126	133	131	123	120	112	116	149	160	142	131	188	225	214	218	113	116
Apr.	89	128	138	134	124	119	127	133	131	124	120	112	115	146	159	145	131	187	223	212	219	113	116
May	89	128	138	134	124	119	127	134	132	124	119	112	116	147	156	144	133	190	224	212	218	113	117
June	89	128	137	134	125	120	127	135	131	124	119	113	117	149	160	147	132	189	228	213	218	113	117
July	89	128	136	134	126	120	127	136	130	125	119	113	117	149	162	148	131	190	229	217	218	112	116
Aug.	89	128	138	135	126	121	126	136	130	126	119	114	118	151	165	148	132	191	231	220	224	112	118
Sept.	89	128	138	135	126	120	128	137	131	126	118	115	118	151	165	150	131	190	232	220	224	112	118
Oct.	89	128	138	135	126	121	128	138	130	127	117	116	118	152	166	149	130	192	232	221	220	111	119
Nov.	89	128	138	135	125	122	128	139	130	127	117	117	119	153	167	150	128	194	234	221	222	111	118
Dec.	89	129	138	135	127	122	130	139	128	128	116	119	118	154	168	150	128	193	234	224	221		118
Jan.	90	128	138	135	125	123	131	140	129	128	118	118		154	167	150	126	197	236	226	225		119
Feb.	90	129	137	135	126	124	131	139	128	128	117			154	167	148	127	193	247	232	227		118
Mar.	90	129	138			124			130						164		126	192	242	234	227		
		Growth Rates, Percent																					
July	88	5	1	5	1	3	5	8	9	7	3	7	1	7	10	8	7	6	13	6	12	-3	-3
Aug.	88	4	1	5	1	5	5	8	8	7	4	6	3	7	11	6	8	7	17	8	12	-3	-1
Sept.	88	4	3	5	1	4	4	8	7	7	3	4	2	7	8	9	7	8	16	7	7	-2	0
Oct.	88	5	3	4	0	3	5	7	7	7	3	3	3	6	7	10	4	6	14	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	6	7	4	3	3	7	7	9	5	9	14	6	10	0	4
Dec.	88	4	5	4	0	5	6	8	6	6	3	3	2	7	11	10	3	8	10	6	11	1	3
Jan.	89	4	5	4	1	6	7	8	7	6	4	1	2	7	14	11	5	9	10	8	9	2	3
Feb.	89	5	4	4	0	6	8	8	5	6	2	1	0	6	15	12	4	6	8	8	4	2	4
Mar.	89	4	2	3	0	6	8	8	5	6	1	0	0	11	10	10	5	7	11	7	7	2	4
Apr.	89	4	2	3	0	6	8	8	4	6	1	0	-2	6	7	13	3	5	8	5	6	2	5
May	89	3	2	3	0	5	7	8	5	5	0	0	-1	5	3	10	6	7	7	4	5	2	6
June	89	3	0	3	0	5	6	7	3	5	-1	1	1	7	6	13	4	5	9	4	4	2	5
July	89	2	-2	3	1	4	6	7	0	5	-1	1	1	7	7	12	1	5	8	6	2	0	3
Aug.	89	3	0	3	1	6	4	7	0	5	-1	2	3	7	11	11	3	5	9	8	7	0	4
Sept.	89	2	0	3	2	4	5	7	2	5	-2	4	2	6	9	11	1	4	9	7	6	-1	3
Oct.	89	2	1	2	1	4	4	7	0	5	-3	5	2	6	8	8	-1	5	7	7	2	-2	5
Nov.	89	2	1	2	0	5	4	8	-1	5	-4	6	3	7	8	7	-3	6	8	6	3	-3	3
Dec.	89	2	0	2	2	5	6	6	-2	5	-5	8	2	7	7	7	-4	4	7	7	1		2
Jan.	90	1	0	1	0	6	5	6	-3	4	-1	6		6	6	4	-4	7	7	9	5		3
Feb.	90	2	-2	1	1	5	5	5	-1	5	-3			5	5	2	-5	3	15	13	6		1
Mar.	90	2	0			6									0		-6	0	8	13	5		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

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The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — June 1990

SLOWER GROWTH AHEAD WORLDWIDE

Globally, the economy is doing a nice job of staying close to the centerline of the business cycle, thereby evidently avoiding either a recession or a new burst of inflation. While that's reassuring, it's not clear how much vigor the cycle contains. The answer depends on which index you examine and for which region. When we look at the *economic performance indexes,* Europe and the Pacific show a pretty good rate of advance, but North America reports only a little growth. When we look for growth in the *leading indexes,* however, all three major regions are at or close to a dead standstill. This points to lethargic growth ahead in most of the industrial world.

Nationally, West Germany is the only country of the eleven that shows an unabashedly favorable set of indexes. The weakest numbers are found in the leading indexes of Australia, the United Kingdom and the United States; thus far, however, the performance indexes have not turned down in those three countries. In Japan, the rebound in stock prices in May has removed at least part of the economic question mark posed earlier by the stock market's sharp drop. The new quandary is Taiwan, where both indexes dropped precipitously in April.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	4	4	5	3	2	1	Expansion continuing, leaders weak	Mar.
Ten countries excl. U.S.	3	6	6	6	4	3	2	Expansion continuing	Mar.
North America (2)	3	2	2	2	1	0	0	Expansion continuing, leaders weak	Mar.
Europe (4)	2	5	6	6	2	0	0	Expansion continuing, leaders weak	Mar.
Pacific Region (5)	4	7	7	8	8	6	3	Expansion continuing	Mar.
United States	3	2	1	1	1	-1	-2	Expansion continuing, leaders weak	Apr.
Canada	3	3	2	2	1	3	1	Expansion continuing, leaders weak	Mar.
West Germany	2	4	5	6	5	6	5	Expansion continuing	Mar.
France	2	8	8	6	-1	-3	1	Expansion continuing, leaders weak	Mar./Apr.
United Kingdom	2	5	5	4	-2	-5	-3	Expansion continuing, leaders weak	Mar.
Italy	2	1	5	7	-1	-3	1	Expansion resuming, leaders weak	Jan./Feb.
Japan	4	6	7	8	8	6	3	Expansion continuing	Mar./Apr.
Australia	3	8	5	3	0	-3	-4	Expansion continuing, leaders weak	Apr.
Taiwan, R.O.C.	8	5	7	-2	7	7	5	Expansion stalling	Apr.
Korea, R.O.K.	7	7	10	13	2	2	0	Expansion continuing, leaders weak	Apr.
New Zealand	2	0	-2	2	4	4	1	Upturn stalling, leaders weak	Feb./Mar.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

The Conference Board
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INDEXES, WORLDWIDE AND BY REGION, 1988-90

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Aug.	88	127	135	128	133	125	136	119	122	143	153
Sept.	88	127	134	129	132	125	135	119	121	144	152
Oct.	88	128	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	133	126	136	120	122	146	153
Dec.	88	129	136	131	135	127	137	121	122	146	157
Jan.	89	130	137	132	137	127	137	122	124	148	160
Feb.	89	130	137	132	137	128	136	122	124	148	162
Mar.	89	131	138	134	137	128	137	123	124	152	160
Apr.	89	131	137	133	137	128	137	123	124	149	159
May	89	131	137	134	136	128	137	123	124	150	158
June	89	132	137	135	137	128	136	124	124	152	160
July	89	132	137	135	138	128	136	124	124	152	162
Aug.	89	133	138	136	139	129	137	125	124	154	165
Sept.	89	133	139	136	139	129	137	126	124	154	165
Oct.	89	134	139	137	139	129	137	126	124	154	165
Nov.	89	134	139	138	139	129	137	127	124	156	166
Dec.	89	135	139	139	140	129	136	128	124	156	167
Jan.	90	135	139	139	140	129	136	129	125	157	167
Feb.	90	135	138	140	140	130	134	129	124	158	168
Mar.	90	136	139	141	140	130	136	130	124	160	167

11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
6	6	6	7	4	5	6	5	7	11
5	5	6	5	4	3	6	4	7	8
5	5	6	5	5	3	5	4	7	7
5	5	6	5	4	4	6	4	7	7
6	6	6	7	4	4	6	4	7	10
6	6	7	8	4	4	6	6	8	13
6	5	6	8	4	1	6	5	7	13
6	5	8	6	4	3	6	4	11	10
5	4	6	5	4	3	6	4	6	7
5	3	5	3	3	2	5	3	6	3
5	2	6	4	3	0	5	3	7	6
4	2	6	4	2	0	5	2	7	6
5	3	6	5	3	1	6	1	7	9
4	3	6	4	2	1	5	2	7	8
4	2	6	3	2	1	6	1	6	7
4	2	6	3	2	1	6	0	6	7
4	2	6	3	2	0	6	0	7	6
4	1	6	3	1	-1	6	1	6	5
4	0	6	3	2	-3	6	0	6	6
5	1	6	2	2	0	6	0	8	3
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-90

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Aug.	88	124	137	131	125	115	121	127	128	119	119	113	117	140	152	132	129	181	215	206	212	111	113
Sept.	88	124	136	131	125	115	120	128	127	120	119	113	117	141	151	135	129	183	217	206	209	112	113
Oct.	88	125	137	131	124	115	121	128	128	120	119	113	117	142	151	136	128	182	217	208	212	112	114
Nov.	88	125	138	132	124	116	121	130	128	121	120	113	117	143	152	137	129	185	219	209	215	112	115
Dec.	88	126	138	132	125	116	123	130	128	122	120	113	117	144	156	138	128	185	217	210	218	112	115
Jan.	89	126	138	133	126	118	124	131	130	122	121	112	117	145	160	140	130	187	219	213	218	113	115
Feb.	89	127	137	133	125	118	125	132	130	123	120	113	116	145	162	142	130	186	220	214	214	113	115
Mar.	89	127	138	133	125	118	126	134	130	123	119	112	116	149	160	142	131	188	225	214	218	113	116
Apr.	89	128	138	134	125	119	127	134	129	124	120	112	115	146	159	145	131	187	223	212	219	113	116
May	89	128	138	134	125	119	127	135	130	124	119	112	116	147	156	144	133	190	224	212	218	113	117
June	89	128	137	134	125	120	127	136	130	124	119	113	117	149	160	148	132	189	228	214	218	113	117
July	89	128	137	134	126	120	127	136	129	125	119	113	117	149	162	148	131	190	229	217	218	112	116
Aug.	89	128	138	135	126	121	126	137	129	126	119	114	118	150	165	148	132	191	231	220	224	112	118
Sept.	89	128	138	135	126	120	128	138	130	126	118	115	118	151	165	150	131	190	232	220	224	112	118
Oct.	89	128	138	135	126	121	128	139	128	127	117	116	118	152	166	149	130	192	232	221	220	112	120
Nov.	89	128	138	135	126	122	128	141	128	127	116	117	119	153	167	150	129	194	234	221	222	112	120
Dec.	89	129	137	135	127	122	130	141	127	128	116	119	118	154	168	151	129	193	234	224	221	112	119
Jan.	90	128	137	135	125	123	131	142	127	128	118	118	119	154	168	150	129	197	236	228	222	113	120
Feb.	90	129	135	135	126	124	131	142	126	128	117		118	154	168	150	129	193	247	235	224	114	119
Mar.	90	129	137	136	126	125	132	143	127	128	116			157	167	150	128	194	242	237	224		118
Apr.	90	129	136						129						167	151	128	190	238	237	221		
		Growth Rates, Percent																					
Aug.	88	4	5	5	1	5	5	8	8	7	3	6	3	7	11	6	8	7	17	8	12	-3	-1
Sept.	88	4	3	5	1	4	4	9	6	7	2	4	2	7	8	9	7	8	16	7	7	-2	0
Oct.	88	5	4	4	0	3	5	7	7	7	3	3	3	6	7	10	4	6	14	7	9	-1	2
Nov.	88	4	4	4	0	4	4	8	6	7	4	3	3	7	7	9	5	9	14	5	10	0	4
Dec.	88	4	5	4	0	5	6	8	5	7	3	3	2	7	11	10	3	8	10	6	11	1	3
Jan.	89	5	4	4	1	6	7	9	7	6	4	1	2	7	14	11	5	9	10	7	9	2	3
Feb.	89	5	1	4	0	6	8	9	5	6	2	1	0	7	15	12	4	6	8	7	4	2	4
Mar.	89	4	3	4	0	6	8	9	5	6	1	0	0	11	10	10	5	7	11	7	7	2	4
Apr.	89	4	3	3	-1	6	8	8	3	6	2	0	-2	6	7	13	3	5	8	5	6	2	5
May	89	3	2	4	0	5	7	8	4	5	0	0	-1	6	3	10	6	7	7	4	5	2	6
June	89	3	0	3	0	5	6	8	3	5	-1	1	1	7	6	13	4	5	9	4	4	2	5
July	89	2	0	3	1	4	6	8	0	5	-1	1	1	7	7	12	2	5	8	6	2	0	3
Aug.	89	3	1	3	1	6	4	8	0	5	-1	2	3	7	10	10	3	5	9	8	7	0	4
Sept.	89	2	0	3	1	4	5	8	1	5	-2	4	2	6	9	10	1	4	9	7	6	-1	4
Oct.	89	2	1	2	1	4	4	8	-1	5	-4	5	2	6	8	8	0	5	7	7	2	-1	6
Nov.	89	2	1	2	0	5	4	9	-1	5	-4	7	3	7	8	7	-2	6	8	5	3	-2	5
Dec.	89	2	-1	2	3	5	6	8	-3	5	-5	8	2	7	8	7	-3	4	7	8	1	-1	4
Jan.	90	1	-1	1	0	6	5	8	-3	4	-1	7	3	6	6	5	-3	7	7	10	2	1	4
Feb.	90	2	-3	1	1	6	5	7	-4	4	-3		1	6	6	4	-3	3	15	15	4	2	2
Mar.	90	2	0	2	1	6	5	6	-3	4	-3			8	4	2	-4	2	9	15	3		1
Apr.	90	1	-2						1						3	3	-4	-2	5	13	0		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board **July 1990**

LETHARGIC LEADERS

Globally, although the world business cycle continues to rise at a steady but unspectacular 4 percent, the 11-country leading index is flat. This suggests slower economic growth in the second half of 1990. In one respect, this pattern is deadly dull, since we have been reporting it regularly since the end of last year. Further, the persistent expansion of economic activity, coupled in most countries with not-unsatisfactory levels of employment and inflation, makes it awkward to complain very loudly about the economic outlook. Nevertheless, the continuing lethargy in the leading index is a bit discouraging.

Nationally, the favorable exceptions to the general pattern are West Germany and Korea, both of which are recording sturdy cyclical expansion in *both* their performance and leading indexes. The Australian leading index, which had looked ominously weak for a year, improved a bit in May, although not nearly enough to really reverse the sour economic prospects. The Taiwanese leaders are especially difficult to interpret; the index, which had been climbing rapidly, turned down sharply in March, April and May.

Interpretation: An important implication of the general pattern is that the outlook for continued growth in U.S. exports has become less sanguine. The latest growth rate for the leading index that coves ten countries excluding the U.S. is 2 percent. A year ago this rate was 5 percent, but it has dropped fairly steadily since then, and has been 2 percent for the past four months. This index has been a rather good prognosticator of U.S. exports, since it reflects the growth of demand in other countries. Other factors, such as exchange rates, are important, too, but the prospect of slower growth in demand adds a disquieting note to the U.S. trade picture for the period ahead.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	1976-86	*6 mos ago*	*3 mos ago*	*Latest month*	*6 mos ago*	*3 mos ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
Eleven countries	3	4	4	4	2	1	0	Expansion continuing, leaders weak	Apr.
Ten countries excl. U.S.	3	6	7	6	3	2	2	Expansion continuing	Apr.
North America (2)	3	2	1	1	1	-1	-3	Expansion continuing, leaders weak	Apr.
Europe (4)	2	6	7	6	1	1	2	Expansion continuing	Apr.
Pacific Region (5)	4	6	7	8	7	5	1	Expansion continuing, leaders weak	Apr.
United States	3	2	2	1	1	-3	1	Expansion continuing, leaders weak	May
Canada	3	2	2	2	0	-1	-1	Expansion continuing, leaders weak	Apr.
West Germany	2	5	8	8	4	5	5	Expansion continuing	May/Apr.
France	2	8	8	6	-1	-4	2	Expansion continuing	Apr./May
United Kingdom	2	5	5	5	-4	-1	-1	Expansion continuing, leaders weak	Apr.
Italy	2	5	6	6	2	1	1	Expansion resuming, leaders weak	Apr./Mar.
Japan	4	7	7	8	8	5	2	Expansion continuing	May
Australia	3	7	4	3	-2	-3	-2	Expansion continuing, leaders weak	May
Taiwan, R.O.C.	8	6	3	2	8	15	3	Expansion continuing	May
Korea, R.O.K.	7	5	15	7	3	10	6	Expansion continuing	May
New Zealand	2	-1	2	3	6	3	-2	Upturn resuming, leaders weak	Apr.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

The Conference Board

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INDEXES, WORLDWIDE AND BY REGION, 1988-90

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	88	128	134	129	133	126	136	119	122	144	152
Nov.	88	128	135	130	133	126	136	120	122	146	153
Dec.	88	129	136	131	135	127	137	121	122	146	157
Jan.	89	130	137	132	137	127	137	122	124	148	160
Feb.	89	130	137	132	137	128	136	122	124	148	162
Mar.	89	131	138	134	137	128	137	123	124	151	160
Apr.	89	131	137	133	137	128	137	123	124	149	159
May	89	131	137	134	136	128	137	123	124	150	158
June	89	132	137	135	137	128	136	124	124	152	160
July	89	132	137	135	138	128	136	124	124	152	162
Aug.	89	133	138	136	139	129	137	125	124	153	165
Sept.	89	133	139	136	139	129	137	126	124	154	165
Oct.	89	133	139	137	139	129	137	126	124	154	165
Nov.	89	134	139	138	139	129	137	127	124	156	166
Dec.	89	135	139	139	140	129	136	128	124	157	167
Jan.	90	135	139	140	140	129	136	129	125	158	166
Feb.	90	136	138	140	140	130	134	130	125	159	167
Mar.	90	137	138	141	140	130	136	130	125	160	166
Apr.	90	137	138	142	140	130	134	130	126	161	165
		Growth Rates, Percent									
Oct.	88	5	5	6	5	5	3	5	4	7	7
Nov.	88	5	5	6	5	4	4	6	4	7	7
Dec.	88	6	6	6	7	4	4	6	4	7	10
Jan.	89	6	6	7	8	4	4	6	6	8	13
Feb.	89	6	5	7	8	4	1	6	5	7	13
Mar.	89	6	5	7	6	4	3	6	4	10	10
Apr.	89	5	4	6	5	4	3	6	4	6	7
May	89	5	3	5	3	3	2	5	3	6	3
June	89	5	2	6	4	3	0	5	3	7	6
July	89	4	2	6	4	2	0	5	2	7	6
Aug.	89	5	3	6	5	3	1	6	1	7	9
Sept.	89	4	3	6	4	2	0	6	2	7	8
Oct.	89	4	2	6	3	2	1	6	1	6	7
Nov.	89	4	2	6	3	2	1	6	0	7	7
Dec.	89	5	1	6	3	2	-1	6	0	7	6
Jan.	90	4	1	7	2	1	1	7	1	7	5
Feb.	90	5	0	7	2	2	-3	7	1	7	5
Mar.	90	5	1	7	2	2	-1	6	1	6	3
Apr.	90	4	0	6	2	1	-3	6	2	8	1
		Ten Year Annual Growth Rate, Percent									
1976-86		3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-90

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	88	125	137	132	125	115	121	128	128	120	119	113	117	142	151	136	128	182	217	208	212	110	114
Nov.	88	125	138	132	125	116	121	130	128	121	120	113	118	143	152	137	129	185	219	208	215	110	115
Dec.	88	126	138	133	125	116	123	130	128	122	119	113	117	144	156	138	128	185	217	210	218	111	115
Jan.	89	126	138	133	126	118	124	132	130	122	121	112	117	145	160	140	130	187	219	213	218	110	115
Feb.	89	127	137	133	124	118	125	132	130	123	119	113	117	145	162	142	130	186	220	214	214	110	115
Mar.	89	127	138	134	125	118	126	133	130	123	119	112	117	149	160	142	131	188	225	214	218	110	116
Apr.	89	128	138	134	124	119	127	134	130	124	120	112	116	146	159	145	131	187	223	212	219	110	116
May	89	128	138	134	125	119	127	135	131	124	119	112	116	147	156	144	133	190	224	212	218	110	117
June	89	128	137	134	125	120	127	136	130	124	118	113	117	149	160	148	132	189	228	214	218	110	117
July	89	128	137	134	125	120	127	136	129	125	119	114	118	149	162	148	131	190	229	217	218	108	116
Aug.	89	128	138	135	125	121	126	137	129	126	119	114	118	150	165	148	132	191	231	220	224	107	118
Sept.	89	128	138	135	126	120	128	138	130	126	118	116	118	151	165	150	131	190	232	220	224	108	118
Oct.	89	128	138	135	125	121	128	139	129	126	117	116	118	152	166	149	130	192	232	221	220	109	120
Nov.	89	128	138	135	125	122	128	140	129	127	116	117	118	153	167	150	129	194	234	221	222	109	120
Dec.	89	129	137	136	126	123	130	141	127	128	116	118	118	154	167	151	129	193	234	224	221	110	119
Jan.	90	128	137	136	125	124	131	142	127	128	118	118	119	155	167	151	129	197	236	228	222	110	119
Feb.	90	129	135	136	125	125	132	142	126	128	117	119	118	156	167	150	129	193	247	235	231	111	118
Mar.	90	130	137	136	125	126	132	142	127	129	116	119	118	158	166	150	128	194	242	237	231	111	118
Apr.	90	129	135	136	124	125	132	143	129	129	117	119		159	165	151	127	191	239	237	228	111	117
May	90	129	138			127			130					159	166	151	129	194	237	232	230		
		Growth Rates, Percent																					
Oct.	88	5	4	4	1	3	5	7	7	7	3	3	3	6	7	10	4	6	14	7	9	-2	2
Nov.	88	4	4	4	1	4	4	8	6	7	4	3	3	7	7	9	5	9	14	5	10	-1	4
Dec.	88	4	5	4	1	5	6	8	5	7	2	3	3	7	11	10	3	8	10	6	11	0	3
Jan.	89	5	4	4	1	6	7	9	7	6	4	1	2	7	14	11	5	9	10	7	9	-1	3
Feb.	89	5	1	4	-1	6	8	8	5	6	1	1	1	7	15	12	4	6	8	7	4	-1	4
Mar.	89	4	3	4	0	6	8	9	5	6	1	0	1	10	10	10	5	7	11	7	7	-1	4
Apr.	89	4	3	3	-1	6	8	8	3	6	1	0	-1	6	7	13	3	5	8	5	6	-1	5
May	89	3	2	3	0	5	7	8	4	5	0	0	-1	5	3	10	6	7	7	4	5	0	6
June	89	3	0	3	0	5	6	8	3	5	-1	1	0	7	6	13	4	5	9	4	4	-2	5
July	89	2	0	3	1	4	6	8	0	5	-1	2	1	6	7	12	2	5	8	6	2	-4	3
Aug.	89	3	1	3	1	6	4	8	0	5	-1	3	3	7	10	11	3	5	9	8	7	-5	4
Sept.	89	2	0	3	1	4	5	8	1	5	-2	5	2	6	9	10	1	4	9	7	6	-3	4
Oct.	89	2	1	2	0	4	4	8	-1	5	-4	5	2	6	8	8	0	5	7	7	2	-1	6
Nov.	89	2	1	2	0	5	3	8	-1	5	-4	6	2	7	8	7	-2	6	8	5	3	0	5
Dec.	89	2	-1	2	2	6	6	8	-3	5	-4	8	1	7	7	7	-3	4	7	8	1	2	4
Jan.	90	1	-1	2	-1	7	5	8	-3	5	-1	6	2	7	5	6	-3	7	7	10	2	2	3
Feb.	90	2	-3	2	0	8	6	7	-4	5	-2	7	1	7	5	4	-3	3	15	15	10	3	1
Mar.	90	2	-1	2	0	8	5	6	-3	5	-2	6	1	8	3	2	-4	2	9	15	9	4	0
Apr.	90	1	-3	2	-1	6	5	6	1	5	-1	6		9	2	3	-4	-1	5	13	5	3	-2
May	90	1	1			8			2					8	2	3	-2	2	3	7	6		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

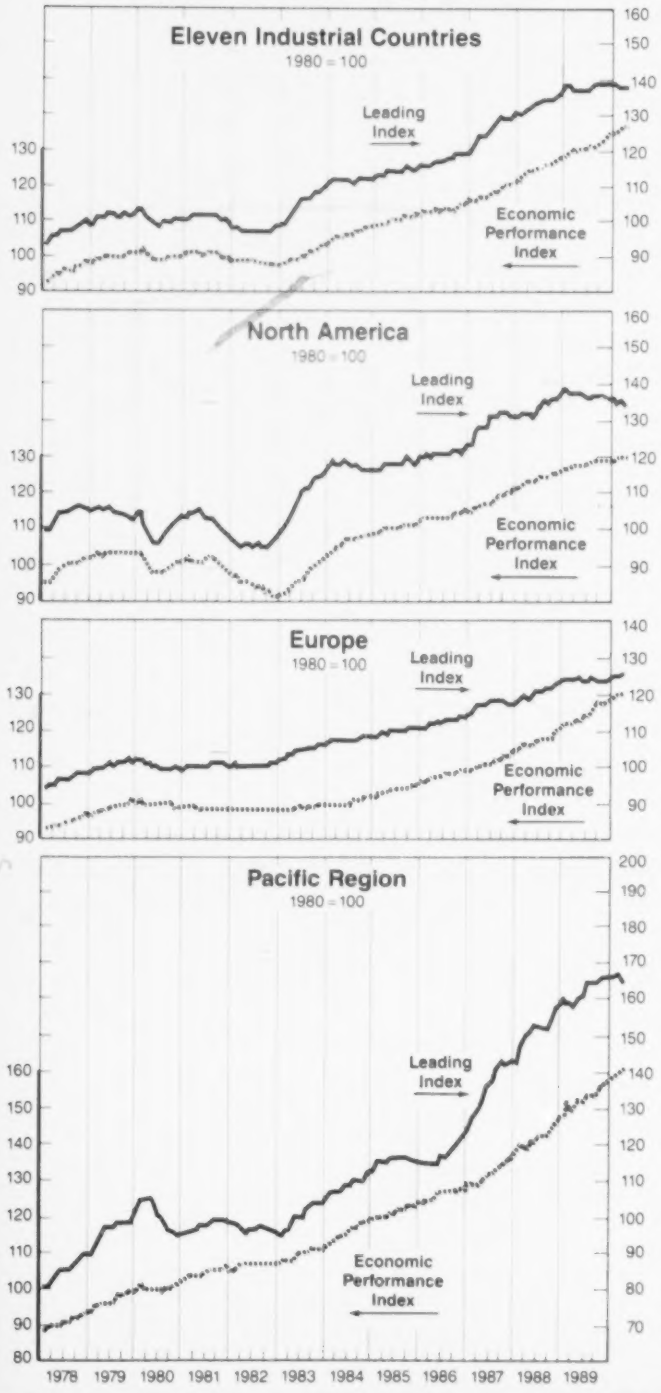
The Conference Board

Economics Program

International Economic Scoreboard

A Quarterly Report from The Conference Board **Third Quarter 1990**

WORLD BUSINESS CYCLE



PERSISTENT SIGNS OF SLOW GROWTH

Although the world business cycle continues to rise at a steady but unspectacular 4 percent, the 11-country leading index is flat. This suggests slower economic growth in the second half of 1990. This conclusion is based on data available prior to the Middle-East crisis, which casts a further shadow over the outlook.

In one respect, this pattern is deadly dull, since we have been reporting it regularly since the end of last year. Further, the persistent expansion of economic activity, coupled in most countries with not-unsatisfactory levels of employment and inflation, makes it awkward to complain very loudly about the economic outlook. Nevertheless, the continuing lethargy in the leading index is a bit discouraging. In addition, the experimental "long-leading" indexes (discussed in the essay on pp. 5&6) provide another source of worry.

An important implication of this pattern is that the outlook for continued growth in U.S. exports has become less sanguine. The latest growth rate for the leading index that covers ten countries excluding the U.S. is 2 percent. A year ago this rate was 5 percent, but it has dropped fairly steadily since then, and has been 2 percent for the past four months. This index has been a rather good prognosticator of U.S. exports, since it reflects the growth in demand in other countries. Other factors, such as exchange rates, are important too, but the prospect of slower growth in demand adds a disquieting note to the U.S. trade picture for the period ahead.

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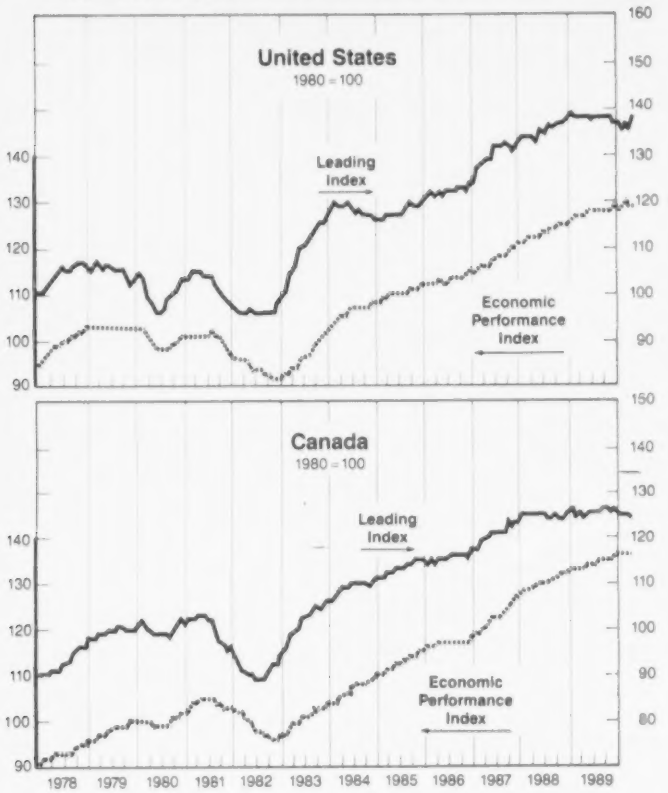
NORTH AMERICAN COUNTRIES



BOREDOM REIGNS

The U.S. economic outlook is discouragingly dull. Both the performance index and the leading index have been flat for the better part of a year. If the unemployment rate had increased a half-point or so—as it could be expected to do under these circumstances—we'd all be debating how deep the recession was going to be. As it is, however, the signals of future economic activity—whether you watch the leading indicators, the econometric models, or any other type—are predominantly benign.

EQUALLY UNINSPIRING

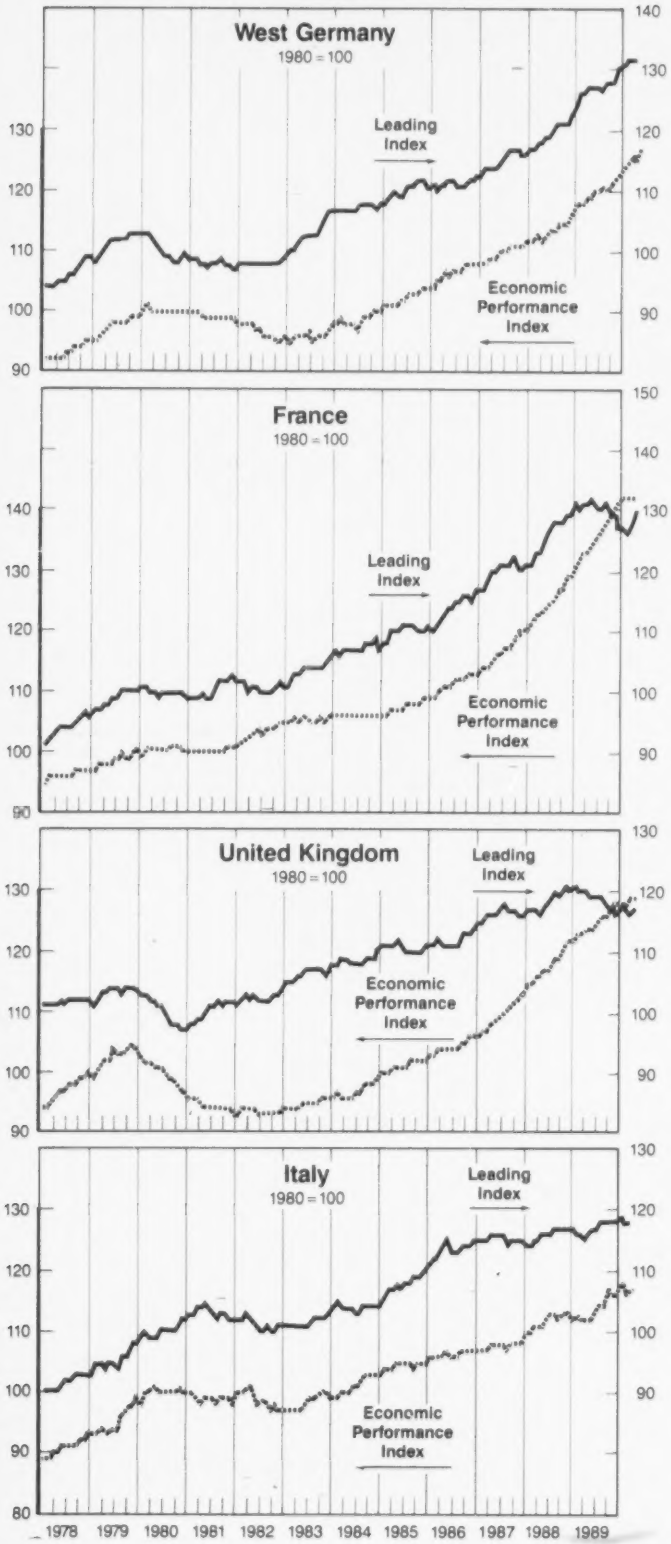
Both Canadian indexes are comparably flat; indeed they appear to be almost identical to those of their neighbor to the south. (This will annoy some Canadians, not because of the lethargic outlook, but because of the similarity to the U.S. Sorry about that!)

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	4	4	4	2	1	0	Expansion continuing, leaders weak	Apr.
Ten countries excl. U.S.	3	6	7	6	3	2	2	Expansion continuing	Apr.
North America (2)	3	2	1	1	1	-1	-3	Expansion continuing, leaders weak	Apr.
Europe (4)	2	6	7	6	1	1	2	Expansion continuing	Apr.
Pacific Region (5)	4	6	7	8	7	5	1	Expansion continuing, leaders weak	Apr.
United States	3	2	2	1	1	-3	1	Expansion continuing, leaders weak	May
Canada	3	2	2	2	0	-1	-1	Expansion continuing, leaders weak	Apr.
West Germany	2	5	8	8	4	5	5	Expansion continuing	May/Apr.
France	2	8	8	6	-1	-4	2	Expansion continuing	Apr./May
United Kingdom	2	5	5	5	-4	-1	-1	Expansion continuing, leaders weak	Apr.
Italy	2	5	6	6	2	1	1	Expansion resuming, leaders weak	Apr./Mar.
Japan	4	7	7	8	8	5	2	Expansion continuing	May
Australia	3	7	4	3	-2	-3	-2	Expansion continuing, leaders weak	May
Taiwan, R.O.C.	8	6	3	2	8	15	3	Expansion continuing	May
Korea, R.O.K.	7	5	15	7	3	10	6	Expansion continuing	May
New Zealand	2	-1	2	3	6	3	-2	Upturn resuming, leaders weak	Apr.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

EUROPEAN COUNTRIES



PRONOUNCED STRENGTH

The prospective unification of Germany lifted spirits nicely on both sides of the border, but how favorable the economic impact is going to be has been widely debated. The leading index for West Germany has weighed in strongly on the favorable side, as the work-week lengthened, investment-goods orders climbed, and most of the other leading indicators improved as well.

FURTHER EXPANSION

After a spell of weakness in late 1989 and early this year, the French leading index now shows improvement. Economic growth, which never faltered over the winter, is thus likely to continue, though probably at a slower pace.

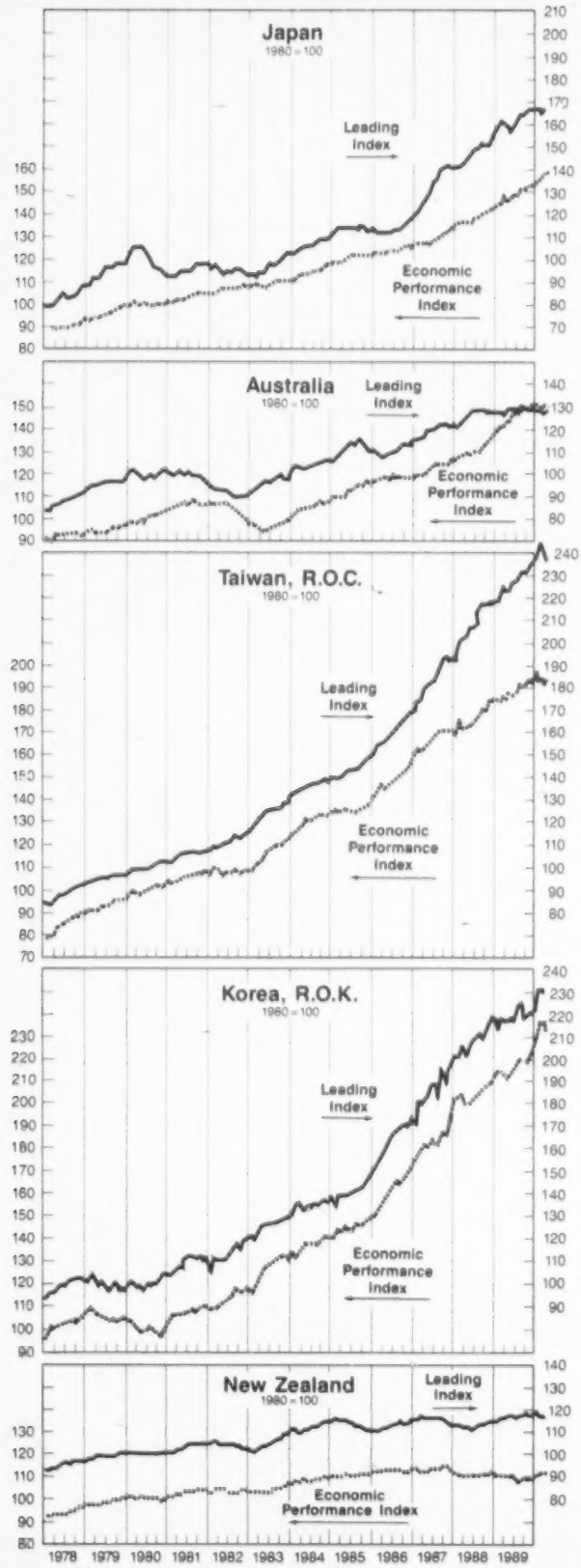
LEVITATION

In contrast to the continent, the persistent sag in the U.K. leading index tells us that prospects for continued economic expansion are not propitious. What is surprising about this, after 16 months of slow leak in the leaders, is that economic activity has continued to advance so vigorously.

DEJA VU

The Italian data (which this month are not as out-of-date as usual) are tracing a familiar pattern: The economy continues to expand nicely, but the slow growth in the leaders raises doubt that the business cycle will continue to do so well.

PACIFIC REGION COUNTRIES



MIXED PORTENTS

The Japanese leading index leveled off about six months ago, but the economy continues to expand smartly. The dominant source of weakness in the leaders was stock prices, which fell sharply from January through April. Since then the equity market has regained about a third of the lost ground but other components, such as business failures, have contributed to weakness in the leading index.

TOUCH OF HOPE

The Australian economy has been flirting boldly with recession for close to a year. The latest report, however, especially the data on private construction, took a bit of the darkness out of the outlook. The latest statistical snapshot is neither bright nor clear, but at least it's less worrisome than last time.

PRECIPITOUS DROP

The Taiwanese economy has been growing very rapidly since 1985, and through this past February gave every sign of continuing onward and upward. In March, April and May, however, the leading index dropped precipitously, with all six of the component series contributing importantly to the decline. In addition, the economic performance index has leveled off. Thus Taiwan appears to be joining the international slowdown.

STILL ADVANCING

The Korean indexes have been bouncing around quite a bit lately, but the trend for both the performance index and the leading index is still favorable.

MORE MUDDLING

The New Zealand economy has been muddling along for a couple of years now, with modest improvement showing up over the winter months. The leading index shows a weakening trend in recent months, however, dampening hopes that a cyclical expansion will gain some momentum.

LONG LEADING INDEXES—A NEW FORECASTING TOOL

One of the new developments in business-cycle analysis is the construction of a special "long-leading" index to supplement the standard leading indexes reported regularly in the *Scoreboard*. The main purpose, of course, is to get earlier warnings of business cycle downturns or upturns.

A related objective is to get advance warnings of major swings in stock prices, notably those associated with the business cycle. Although stock prices have been a leading cyclical indicator in nearly every country studied, in some cases for more than a century, the leads have usually been shorter than the criteria established for the long leaders.

In the United States, a long-leading index was constructed several years ago by the Columbia Business School's Center for International Business Cycle Research. Its components include four leading indicators, drawn from a list of fifteen leaders that since 1948 have had average leads of at least 12 months at business cycle peaks and 6 months at business cycle troughs. Most indicators have shorter leads than this. Since World War II, this long leading index has led, on average, by 14 months at cyclical peaks and 8 months at troughs. That's 4 or 5 months earlier than the indexes regularly reported in the *Scoreboard*, a very substantial improvement. There is, however, a risk with this new index of which we should be aware: Because it is constructed from only four component series and therefore is subject to more influence from a single source, it may prove to be more difficult to interpret than the regular leading indexes.

The four components of the U.S. long leading index are: bond prices, new housing permits, money supply (M2) adjusted for inflation, and an indicator of profit margins in manufacturing based on the ratio of selling prices to labor cost per unit of output. Each of these series has a bearing on the future course of economic activity by affecting decisions to spend or invest.

Similar long-leading indexes have now been calculated for Japan, West Germany, the United Kingdom and Australia. The same list of components, or close approximations to them, has been used for each of these countries, partly to make the indexes comparable and partly as a further test of the U.S. list.

Studies of the record of these long leading indexes are still underway, but the initial results are promising. The U.S. index, shown in the accompanying chart (next page), has proved capable of forecasting next year's growth in real GNP with an accuracy about equal to that of the consensus of forecasters. In August 1989 the index suggested that real GNP would grow by 2.6 percent between 1989 and 1990. At the moment, this projection seems somewhat optimistic, since the first half of 1990 was 1.3 percent above the first half of 1989.

What are long leaders saying now? The accompanying table shows the latest available rates of change in the long-leading indexes. In general these results suggest that the slowdown of the global business cycle will continue through the remainder of 1990 and into 1991. Japan's long leader was particularly weak, indeed very recession-like, mostly because of a sharp hike in interest rates, since reversed. The latest reading for May is 4 percent, reversing the dismal performance three months earlier. This bears close watching to see what it augurs for the leading index shown in the *Scoreboard*. The most recent U.K. rate of change is negative, but only modestly so, while those for the U.S., Australia and West Germany are a flat zero. All these rates are well below their levels of a year ago, and—except perhaps for Japan—point to slow growth and perhaps no growth in the period ahead.

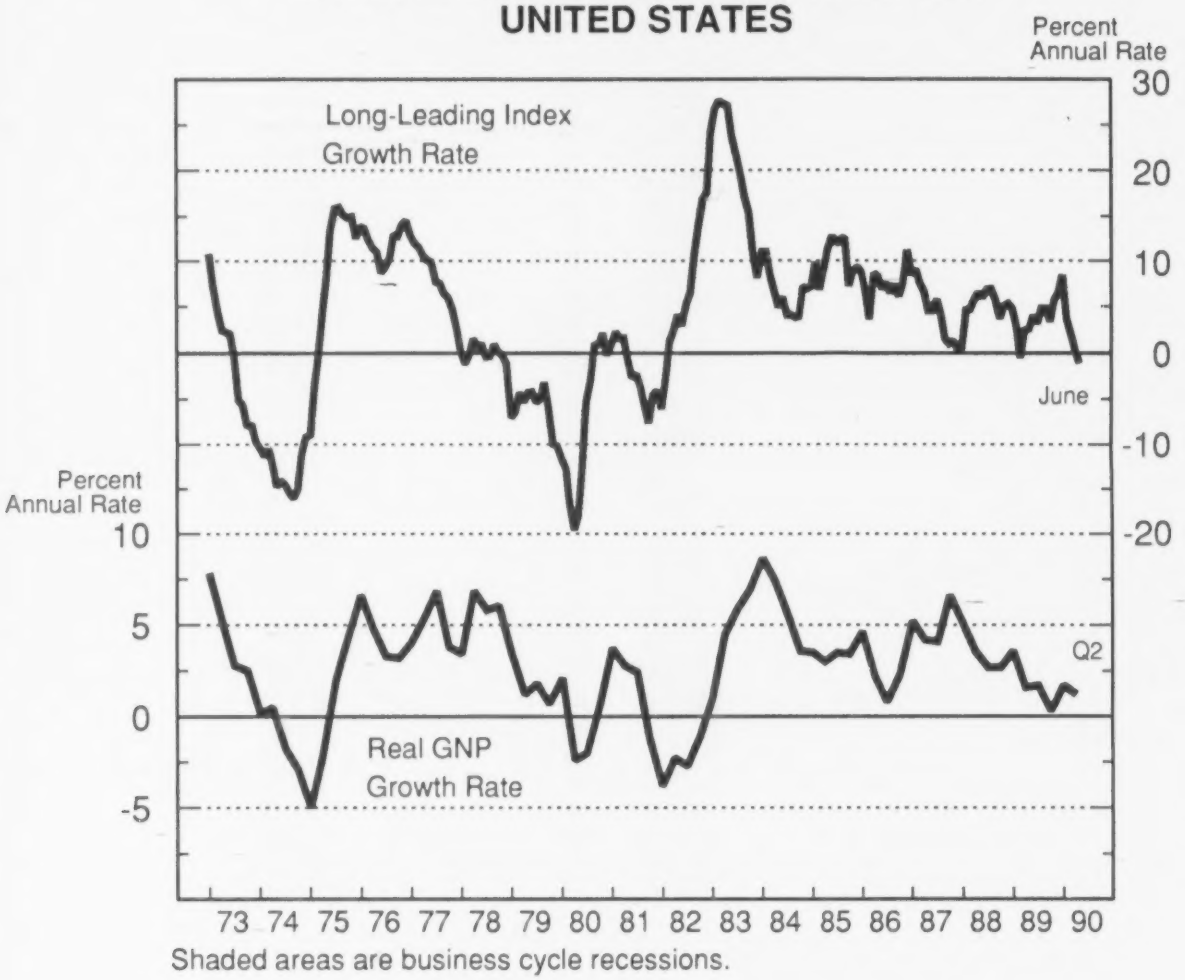
If policymakers need support for taking stimulative action, they will find some here.

LONG LEADING INDEX GROWTH RATES, FIVE INDUSTRIAL COUNTRIES

	Ten-Year Growth Rate	*Long-Leading Indexes, Growth Rates**				
	1976-86	*12 mos. ago*	*6 mos. ago*	*3 mos. ago*	*Latest Month*	*Latest Month Covered*
		(annual rates, percent)				
United States	3	5	9	4	0	June
Japan	4	6	−7	−6	4	May
West Germany	2	3	1	4	0	March
United Kingdom	2	1	−1	−1	−2	March
Australia	3	6	−3	−3	0	May

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

LONG-LEADING INDEX AND REAL GNP
UNITED STATES



Shaded areas are business cycle recessions.

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

This publication is designed to help readers monitor the ups and downs of the business cycle around the world. To this end, two types of index are shown for each country: an index of economic performance and a leading index. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

The indexes are maintained by the Center for International Business Cycle Research at the Columbia Business School.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

Center for International Business Cycle Research
Columbia Business School
New York, New York 10027
Telephone: 212-280-2916

The Conference Board

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The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — August 1990

FATIGUED CYCLE

Globally, the business cycle continues on a steady expansionary course at a moderate pace, while the leading index continues nearly flat. These developments, however, all predate the Middle-East crisis, which is a negative influence for almost all of these countries.

Regionally, Europe and the Pacific region both are experiencing steady growth in economic activity, but their leading indexes are advancing at just a 2 percent rate. In North America, the leaders also show 2 percent growth, but the performance index is up only a single point from a year ago.

Nationally, the proportion of minus signs on the summary table below continues to build. The performance index in Taiwan shows a negative growth rate and Australia's is a flat zero, while those for the U.S. and Canada are only one and two percent. In the other seven countries the performance index growth rates are four percent or above, but even in these countries the leading indexes are growing much more slowly or declining. Prospects for slower growth are widespread.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos ago	3 mos ago	Latest month	6 mos ago	3 mos ago	Latest month		
	annual rates, percent								
Eleven countries	3	4	4	4	2	0	2	Expansion continuing	May
Ten countries excl. U.S.	3	6	7	6	3	2	2	Expansion continuing	May
North America (2)	3	1	1	1	0	-3	2	Expansion continuing	May
Europe (4)	2	6	7	6	0	1	2	Expansion continuing	May
Pacific Region (5)	4	7	7	7	7	5	2	Expansion continuing	May
United States	3	1	2	2	-1	0	1	Expansion continuing, leaders weak	June
Canada	3	2	2	1	-1	-1	-3	Expansion continuing, leaders weak	May
West Germany	2	6	8	5	4	6	4	Expansion continuing	June/May
France	2	8	7	6	-3	-3	3	Expansion continuing	May/June
United Kingdom	2	5	5	4	-4	-1	-1	Expansion continuing, leaders weak	June/May
Italy	2	5	6	6	1	-1	1	Expansion resuming, leaders weak	Apr
Japan	4	7	8	8	8	5	3	Expansion continuing	June/May
Australia	3	7	2	0	-3	-4	-3	Expansion continuing, leaders weak	June
Taiwan, R.O.C.	8	4	2	-1	7	9	-1	Expansion continuing, leaders weak	June
Korea, R.O.K.	7	8	15	8	1	5	-1	Expansion continuing, leaders weak	June
New Zealand	2	0	3	6	5	1	1	Upturn resuming, leaders weak	May

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

The Conference Board

845 Third Avenue, New York, N.Y. 10022 / (212) 759-0900

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INDEXES, WORLDWIDE AND BY REGION, 1989-90

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	89	130	138	132	137	127	138	122	124	148	160
Feb.	89	130	138	132	138	127	136	122	124	148	162
Mar.	89	131	138	134	137	128	138	123	124	151	160
Apr.	89	131	138	133	137	128	138	123	124	149	160
May	89	131	138	134	137	128	138	123	125	150	158
June	89	132	138	135	138	128	137	124	125	152	160
July	89	132	138	135	138	128	137	124	125	152	162
Aug.	89	133	139	136	139	128	138	125	124	153	165
Sept.	89	133	139	136	139	128	138	126	125	154	165
Oct.	89	133	139	137	139	128	138	126	124	154	165
Nov.	89	134	139	138	139	128	138	127	124	156	166
Dec.	89	134	139	139	140	128	137	128	124	157	167
Jan.	90	135	139	140	140	128	136	129	125	158	167
Feb.	90	135	136	140	140	129	135	130	125	159	168
Mar.	90	136	139	141	140	129	137	130	125	160	166
Apr.	90	136	139	142	140	129	136	130	125	161	165
May	90	136	140	142	140	129	136	131	126	161	166

	11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
	Growth Rates, Percent									
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan. 89	6	7	7	8	4	4	6	5	8	13
Feb. 89	6	5	7	8	4	2	6	4	7	13
Mar. 89	6	5	7	6	4	3	6	4	10	10
Apr. 89	5	4	6	5	4	3	6	4	6	7
May 89	4	3	5	3	3	2	5	4	6	3
June 89	4	2	6	4	2	1	5	3	7	6
July 89	4	2	6	4	2	0	5	2	7	6
Aug. 89	5	3	6	5	2	1	6	2	7	9
Sept. 89	4	3	6	4	2	0	6	2	7	8
Oct. 89	4	2	6	3	1	1	6	0	6	7
Nov. 89	4	2	6	3	1	0	6	0	7	7
Dec. 89	4	1	6	3	1	-1	6	0	7	6
Jan. 90	4	1	7	2	0	-2	7	1	7	5
Feb. 90	4	0	7	2	1	-3	7	1	7	5
Mar. 90	5	1	7	1	2	0	6	0	8	3
Apr. 90	4	0	6	1	1	-2	6	1	8	2
May 90	4	2	6	2	1	-2	6	2	7	2
	Ten Year Annual Growth Rate, Percent									
	3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1989-90

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	89	126	139	133	125	118	124	132	130	122	121	112	118	145	160	140	130	187	219	213	218	110	115
Feb.	89	127	138	133	124	118	125	132	130	123	119	113	118	146	162	142	130	186	220	214	214	110	115
Mar.	89	127	139	133	125	118	126	133	130	123	119	112	119	149	160	142	131	188	225	214	218	110	116
Apr.	89	127	140	133	124	119	126	134	130	124	120	112	119	146	159	145	131	187	223	212	218	110	116
May	89	127	139	134	125	119	127	135	131	124	119	112	120	147	156	144	133	190	224	212	218	110	118
June	89	127	138	134	125	120	127	136	130	124	118	113	120	149	160	148	132	189	228	214	218	109	117
July	89	127	138	134	126	120	127	136	129	125	119	114	121	149	162	148	131	190	229	217	218	108	116
Aug.	89	128	139	135	126	121	126	137	129	126	119	115	122	150	165	148	132	191	231	220	224	107	117
Sept.	89	127	139	135	126	120	128	138	130	126	118	116	121	151	165	150	131	190	232	220	224	108	118
Oct.	89	127	139	135	125	121	128	139	129	126	117	116	120	152	166	149	130	192	232	221	220	109	119
Nov.	89	127	139	135	125	122	128	140	129	127	116	117	120	153	167	150	129	194	234	221	222	109	119
Dec.	89	128	138	135	126	123	130	141	127	128	116	118	120	154	167	151	129	193	234	224	221	110	119
Jan.	90	127	138	135	124	124	131	142	127	128	118	118	120	155	167	150	129	197	236	228	222	110	119
Feb.	90	128	136	136	124	125	132	142	127	128	117	119	120	156	168	150	129	193	247	235	231	111	118
Mar.	90	128	138	136	124	126	131	142	127	129	117	119	120	158	166	149	128	194	242	237	227	111	118
Apr.	90	128	137	136	123	126	131	143	129	130	117	120	120	159	166	150	127	191	239	237	224	111	117
May	90	128	140	135	123	127	131	144	130	130	117			159	167	150	129	194	238	232	227	113	118
June	90	128	139			126			130	130				160		150	127	192	234	234	222		
		Growth Rates, Percent																					
Jan.	89	4	4	4	0	6	8	9	7	6	4	1	1	7	14	11	5	9	10	7	9	-1	3
Feb.	89	4	2	4	-1	6	8	8	5	6	1	1	-1	7	15	12	4	6	8	7	4	-1	4
Mar.	89	4	4	4	0	6	8	9	5	6	1	0	1	10	10	10	5	7	11	7	7	-1	4
Apr.	89	4	4	3	-1	6	8	8	3	6	1	0	1	6	7	13	3	5	8	5	6	-1	5
May	89	3	2	4	0	5	7	8	4	5	0	0	1	5	3	10	6	7	7	4	5	0	6
June	89	2	1	3	0	5	6	8	3	5	-1	1	2	7	6	13	4	5	9	4	4	-2	5
July	89	2	0	3	1	4	6	8	0	5	-1	2	3	6	7	12	2	5	8	6	2	-4	2
Aug.	89	2	1	3	1	6	4	8	0	5	-1	3	4	7	10	11	3	5	9	8	7	-5	3
Sept.	89	1	0	3	1	4	5	8	1	5	-2	5	2	6	9	10	1	4	9	7	6	-3	4
Oct.	89	1	1	2	0	4	4	8	-1	5	-4	5	1	6	8	8	0	5	7	7	2	-1	5
Nov.	89	1	0	2	-1	5	4	8	-1	5	-4	6	1	7	8	7	-2	6	8	5	3	0	5
Dec.	89	1	-1	2	1	6	6	8	-3	5	-4	7	0	7	7	7	-3	4	7	8	1	2	3
Jan.	90	0	-1	2	-2	7	6	8	-3	5	-1	6	-1	7	6	5	-3	7	7	10	2	2	3
Feb.	90	1	-4	2	-1	8	6	7	-4	5	-1	7	-1	7	5	4	-3	3	15	15	10	3	1
Mar.	90	2	0	2	-1	8	5	6	-3	5	-2	6	-1	8	3	2	-4	2	9	15	5	4	0
Apr.	90	1	-2	2	-3	6	4	6	0	5	-1	6	1	9	2	2	-4	-1	5	13	2	2	-2
May	90	1	2	1	-3	8	4	6	2	5	-1			8	3	1	-2	2	3	7	4	6	1
June	90	2	1			5			3	4				8		0	-3	-1	-1	8	-1		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2

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The Conference Board

Economics Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — September 1990

DISCOURAGING SIGNALS

Globally, although the world business expansion continues to march steadily forward at a moderate pace, the forward-looking statistics are signaling a near-term end to this pattern. The 11-country composite leading index has in fact been flat for almost a year now.

Nationally, the sluggishness in the leading indexes is universal throughout the industrial world. For ten of the eleven countries (France is the exception) the latest figure reported is below—although in most cases only very slightly below—an earlier peak. The leading index with the most pronounced, prolonged downturn—off 6 percent from its May 1989 peak—is Australia.

Interpretation: The overall picture from the leading indexes is broadly discouraging, pointing to a sluggish economic pattern ahead for most industrial countries and maybe to recession. The data reported here, furthermore, all relate to economic developments that took place prior to the Iraqi invasion of Kuwait, the economic consequences of which spell additional difficulty for the cyclical outlook.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Eleven countries	3	4	5	4	1	0	0	Expansion continuing, leaders weak	June
Ten countries excl. U.S.	3	6	7	6	3	1	1	Expansion continuing, leaders weak	June
North America (2)	3	1	2	2	-1	-1	-1	Expansion continuing, leaders weak	June
Europe (4)	2	6	7	6	0	0	1	Expansion continuing, leaders weak	June
Pacific Region (5)	4	7	8	7	6	3	1	Expansion continuing, leaders weak	June
United States	3	0	1	1	-1	-2	1	Expansion continuing, leaders weak	July
Canada	3	2	2	2	0	-1	-1	Expansion continuing, leaders weak	June
West Germany	2	7	6	7	6	4	2	Expansion continuing	July/June
France	2	8	7	7	-3	0	4	Expansion continuing	June/July
United Kingdom	2	5	5	3	-1	0	-2	Expansion continuing, leaders weak	July
Italy	2	5	6	6	1	-2	0	Expansion resuming, leaders weak	Apr./May
Japan	4	7	8	8	7	3	1	Expansion continuing, leaders weak	June
Australia	3	6	1	-1	-4	-5	-4	Expansion continuing, leaders weak	July
Taiwan, R.O.C.	8	7	-1	-2	7	5	-1	Expansion continuing, leaders weak	July
Korea, R.O.K.	7	10	12	8	2	2	0	Expansion continuing, leaders weak	July
New Zealand	2	1	2	0	3	-1	-2	Upturn stopped, leaders weak	June

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	89	130	138	132	137	127	138	122	124	148	160
Feb.	89	130	138	132	138	127	137	122	124	148	162
Mar.	89	131	139	134	137	127	139	123	124	151	160
Apr.	89	131	139	133	137	128	139	123	124	150	160
May	89	131	138	134	137	128	139	123	125	150	158
June	89	132	138	135	138	128	138	124	125	152	160
July	89	132	138	135	138	127	138	125	124	152	162
Aug.	89	133	140	136	139	128	139	126	124	154	165
Sept.	89	133	140	136	139	128	139	126	125	154	165
Oct.	89	133	140	137	139	128	139	126	124	154	165
Nov.	89	134	140	138	140	128	139	127	125	156	166
Dec.	89	134	140	139	140	128	138	128	124	157	166
Jan.	90	135	140	140	140	128	138	129	125	158	166
Feb.	90	136	139	141	140	128	136	130	125	159	167
Mar.	90	136	139	141	140	129	138	130	125	160	166
Apr.	90	136	139	142	139	128	137	131	125	161	165
May	90	137	140	142	140	129	139	132	126	161	166
June	90	137	140	143	140	129	138	132	126	162	166

	11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
	Growth Rates, Percent									
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	6	7	7	8	4	4	6	5	8	13
Feb.	6	6	7	8	4	2	6	5	7	13
Mar.	6	6	7	6	4	4	6	5	10	10
Apr.	5	5	6	5	4	4	6	4	6	7
May	4	3	5	3	3	3	5	4	6	3
June	4	3	6	4	2	2	5	3	7	6
July	4	3	6	4	2	1	5	2	7	6
Aug.	5	3	6	5	2	2	6	2	7	9
Sept.	4	3	6	4	1	1	6	2	7	8
Oct.	4	3	6	3	1	1	6	1	6	7
Nov.	4	2	6	3	1	1	6	1	7	7
Dec.	4	1	6	3	1	−1	6	0	7	6
Jan.	4	1	7	2	0	−1	7	1	7	5
Feb.	5	0	7	2	1	−3	7	0	7	5
Mar.	5	0	7	1	2	−1	7	0	8	3
Apr.	4	0	7	1	1	−2	6	1	8	2
May	4	1	6	1	1	1	6	1	7	2
June	4	0	6	1	2	−1	6	1	7	1
	Ten Year Annual Growth Rate, Percent									
	3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1989-90

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	89	126	140	132	125	118	124	132	130	122	121	112	118	145	160	141	130	187	219	213	218	110	115
Feb.	89	127	139	132	124	118	125	133	130	123	120	113	118	146	162	142	130	186	220	214	214	110	115
Mar.	89	127	140	133	124	118	126	134	130	123	120	112	119	149	160	142	131	188	225	214	218	110	116
Apr.	89	127	141	133	124	119	126	134	130	124	120	112	119	146	159	145	131	187	223	212	218	110	116
May	89	127	141	133	124	119	127	136	131	124	119	112	120	147	156	145	133	190	224	212	218	110	118
June	89	127	140	134	125	120	126	136	130	124	119	113	120	149	160	147	132	191	228	214	218	109	117
July	89	127	140	134	125	120	127	137	129	125	119	114	121	149	162	148	130	191	229	217	218	108	116
Aug.	89	128	140	134	125	120	126	138	129	126	119	115	122	150	165	149	131	191	231	220	224	107	117
Sept.	89	127	140	134	125	120	128	139	130	126	118	116	121	151	165	150	130	190	232	220	224	108	118
Oct.	89	127	141	134	124	121	128	140	129	126	117	116	120	152	166	149	129	192	232	221	220	109	119
Nov.	89	127	140	134	124	122	129	141	129	127	117	117	120	153	167	150	128	194	234	221	222	110	119
Dec.	89	127	140	135	125	123	130	142	127	128	116	118	120	154	167	151	128	193	234	224	221	110	119
Jan.	90	127	139	135	123	124	130	143	127	128	118	118	120	155	167	151	128	197	236	228	222	110	119
Feb.	90	128	138	135	123	125	131	143	127	128	118	119	119	156	168	150	127	193	247	235	231	110	118
Mar.	90	128	139	136	124	126	130	144	127	129	117	119	120	158	166	150	126	194	242	236	227	110	117
Apr.	90	128	138	136	122	125	130	145	129	130	118	120	119	159	166	150	126	191	239	236	225	110	116
May	90	128	140	136	122	127	130	146	130	130	118		120	159	167	149	126	194	238	231	227	112	118
June	90	129	139	136	123	126	130	146	130	130	118			160	167	150	125	191	234	234	222	109	117
July	90	128	140			128			131	130	117					149	125	191	235	236	224		
		Growth Rates, Percent																					
Jan.	89	4	5	4	0	6	7	9	7	6	4	1	1	7	14	12	5	9	10	7	9	−1	3
Feb.	89	4	3	4	−2	6	8	9	5	6	2	1	−1	7	15	13	4	6	8	7	4	−1	4
Mar.	89	4	5	4	0	6	8	9	5	6	2	0	1	10	10	11	5	7	11	7	7	−1	4
Apr.	89	4	5	3	−1	6	8	9	3	6	1	0	1	6	7	13	3	5	8	5	6	−1	5
May	89	3	4	4	0	4	7	9	4	5	0	0	1	5	3	11	5	7	7	4	5	0	6
June	89	2	2	2	1	5	6	9	3	5	−1	1	2	7	6	12	4	5	9	4	4	−2	5
July	89	1	1	3	1	4	5	8	0	5	−1	2	3	6	7	11	0	5	8	6	2	−4	2
Aug.	89	2	2	3	1	5	3	8	0	5	−1	3	4	7	10	11	2	5	9	8	7	−5	3
Sept.	89	1	1	3	1	4	5	8	1	5	−2	5	2	6	9	10	0	4	9	7	6	−3	4
Oct.	89	1	2	2	0	4	5	8	−1	5	−3	5	1	6	8	8	−1	5	7	7	2	−1	5
Nov.	89	1	1	2	−1	4	5	9	−1	5	−4	6	1	7	8	7	−3	6	8	5	3	1	5
Dec.	89	1	−1	2	0	6	6	8	−3	5	−4	7	0	7	7	7	−4	4	7	8	1	1	3
Jan.	90	0	−1	2	−2	7	5	9	−3	5	−1	6	−1	7	6	6	−4	7	7	10	2	2	3
Feb.	90	1	−3	2	−2	8	5	7	−4	5	−1	7	−2	7	5	4	−4	3	15	15	10	1	1
Mar.	90	1	−1	2	−1	8	4	7	−3	4	−1	6	0	8	3	2	−5	2	9	14	5	2	−1
Apr.	90	1	−2	2	−4	6	3	8	0	5	0	6	−2	9	2	1	−5	−1	5	12	2	1	−2
May	90	1	1	1	−3	7	3	7	2	5	−1		0	8	3	0	−4	2	3	7	4	5	0
June	90	2	−1	2	−1	5	2	7	3	4	−1			8	1	0	−6	−1	−1	8	−1	0	−2
July	90	1	1			7			4	3	−2					−1	−4	−2	−1	8	0		
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2